

1 MR. KEOWN: January or February of
 2 last year.
 3 MS. FISCHER: January or February.
 4 UNIDENTIFIED SPEAKER: Of '99?
 5 MS. FISCHER: '99. Go ahead.
 6 MR. SAMSON: James would like to help
 7 with this question.
 8 MR. KEOWN: Well, understand that we
 9 had made a decision from an economic standpoint
 10 before the merger and before all these other things
 11 happened to deploy Litespan as our DLC regardless of
 12 DSL capabilities because of some economic benefits
 13 we got from Litespan. So, we had done an evaluation
 14 actually during '98 and part of '99 and had made a
 15 company decision to deploy Litespan as a DLC
 16 product. We knew that they were also looking at
 17 expanding that product to a DSL capable Litespan
 18 unit, so we just -- it just kind of meshed right
 19 into where we were going with the technology.
 20 MS. FISCHER: But on the cards the
 21 capability for 6 meg exists.
 22 MR. KEOWN: As far as I know.
 23 MR. ZILLIBID: So, why are we limited
 24 then to 1.5 downstream and 384 upstream? We may
 25 want to offer higher speeds, for instance.

1 UNIDENTIFIED SPEAKER: In that
 2 proposed contract language.
 3 MR. BOYER: I was just going to say
 4 that with the SOLID system we're putting together in
 5 the profiles, we'll allow you to build a profile
 6 with whatever value can be supported by the
 7 Litespan. So, if the Litespan can support a 6
 8 megabit downstream speed, when you build your
 9 profile we'll allow you to put an integer value in
 10 there that is consistent with that speed, so --
 11 MR. SAMSON: I think a key point to
 12 that is, though, you know, you can put the value in
 13 but whatever performance is whatever performance you
 14 get. You know, we're not going to guarantee that
 15 because you set your profile up for 6 meg downstream
 16 that your end user will in fact realize that
 17 because, as you know, there will be inference issues
 18 or cable issues or this, that or the other. But we
 19 were just discussing, I'm not aware that we've
 20 limited it to 1.5.
 21 UNIDENTIFIED SPEAKER: It should not
 22 be. If it's misstated in there --
 23 MR. CRUZ: Mike, is there something
 24 in the --
 25 MS. TAFF-RICE: Maybe I can help with

1 that. It's in Section 8.8 of the draft contract
 2 language that was submitted to the FCC. So, maybe
 3 that contract language is wrong. If it is, we need
 4 to find that out and find out if that's going to be
 5 changed.
 6 MR. BOYER: At the time -- at the
 7 time that product was -- that contract language was
 8 written, like I said at the beginning of the
 9 presentation, the product has been redefined and we
 10 worked on the development of SOLID. At the time
 11 that was written, the SOLID system did not exist.
 12 So, we are working on trying to -- we decided that
 13 we wanted to make a decision to make the product
 14 more flexible for our customers, so we have
 15 developed this SOLID system to try to build in the
 16 flexibility.
 17 My understanding is that the network
 18 management system that supports the Litespan will
 19 support up to an 8,192 kilobit downstream speed, so
 20 we will allow you using the profile on the SOLID
 21 system to develop downstream product that will offer
 22 up to that speed, as Allan had indicated, so long as
 23 it's technically feasible over the loop meaning that
 24 assuming that the Litespan card can support that
 25 level of speed and not all the technical issues are

1 resolved. But in terms of whatever is allowed over
 2 Litespan we will allow you to build in your profile.
 3 MS. GENTRY: But that raises the
 4 question -- Jo Gentry, Rhythms. You've said several
 5 things today that you have changed since three weeks
 6 ago when you made your filing. When are you making
 7 an amendment to your filing? Because the way you
 8 positioned it with the FCC is please approve what
 9 I've given you and I've told you. So, obviously
 10 you've had a learning curve in the last few weeks.
 11 I would certainly think that what's on file now is
 12 totally outdated and indirectly needs to be modified
 13 for this. Would it not be better just to pull that
 14 filing and like start over or amend it immediately
 15 because right now we're not even being told the same
 16 story that we read.
 17 MR. SAMSON: I'm not sure it's
 18 totally out of date, Jo. I wouldn't go quite that
 19 far.
 20 MS. GENTRY: Are you going to update
 21 it or are you going to leave it?
 22 MR. SAMSON: Given that comments are
 23 due in two days, I mean, I don't know. I won't
 24 speak for Rod. I don't know that they're -- if we
 25 need to update it or anything, I think part of this

<p style="text-align: right;">Page 106</p> <p>1 session is to clarify questions that you may have. 2 I don't know. It's up to you guys. 3 MR. BOYER: It was. 4 MR. SAMSON: It was what? 5 MR. BOYER: I planned on in this 6 session to hopefully if there were specific 7 questions about the contract language that was put 8 out with the FCC, I can address those. I can take 9 those now about what has changed. The essential 10 change has been the issue of the speed. That's been 11 the biggest change that we've done is tried to 12 offer -- we built in more flexibility in the 13 product, so that's been the most fundamental change 14 that's happened. 15 MS. TAFF-RICE: Chris, could you just 16 go over those maybe rather than having us just ask 17 you one question at a time? Could you give us a 18 list of the major changes? 19 MR. BOYER: Well, that is the major 20 change. The major change is that there's additional 21 flexibility built into the actual -- what speeds are 22 capable over the Litespan equipment. I think in the 23 contract language I think it does limit to 1.544 24 speed. We are no longer putting that limitation on 25 the product itself. There have been some other</p>	<p style="text-align: right;">Page 108</p> <p>1 process worked out, every interval, how do you 2 incorporate the next card, this and that, and 3 obviously when you share with the CLECs there's 4 going to be additional questions. 5 I think where we're at, the point in the 6 process we're at is that we need to decide whether 7 we're going to own this card or the CLECs are going 8 to own this card, and based on that decision the 9 work that flows from it is significantly different. 10 And so we're kind of wanting to get enough detail to 11 give you a flavor of this is how it would work. 12 Obviously if the FCC were to approve that and we 13 were to own it, this would become a UNE subject to 14 whatever, you know, regulation that goes along with 15 that. But, you know, we wouldn't want to gold plate 16 with every question answered and every process 17 developed, then go to the FCC with this, you know, 18 massive product that says, okay, now you can't do 19 that. 20 So, I think it is well thought out, Jo. I 21 don't appreciate that. I think we've thought 22 through several parts of this. Now we're looking 23 for some feedback. Are we heading in the right 24 direction or are we not. I mean, so just to set 25 your expectations there.</p>
<p style="text-align: right;">Page 107</p> <p>1 issues that have come up like, for instance, the 2 CLEC will have to go in and build a profile. That's 3 not even talked about in the contract language. I 4 mean, we're going to have to make some joint 5 decisions about how the -- like, for instance, how 6 is the CLEC going to have access to the profile and 7 what's the connection going to look like, where are 8 they going to go in and build the profile, intervals 9 need to be decided upon as far as how much time 10 needs to be allocated for building the profile. 11 Those types of issues need to be jointly discussed I 12 would think in the context of developing any kind of 13 final product language or contract language. 14 MS. GENTRY: But there were people 15 this morning or earlier that talked about the 16 integrated issue, and that obviously is a 17 significant one to many people in the room that was 18 not addressed in your filing. I would think that 19 you either need to resolve it internally so that you 20 can make your business decision if you're going to 21 preclude them from that. That is something that is 22 imperative to be addressed immediately. 23 MR. SAMSON: Well, Jo, I think that 24 clearly a little bit of a chicken and egg here. I 25 mean, we don't have every decision made, every</p>	<p style="text-align: right;">Page 109</p> <p>1 MR. CRUZ: I can speak from a product 2 perspective. That's exactly where we are in the 3 process. I mean, we're trying to be as forthright 4 with all the information we have in front of us. 5 We're having this forum to share all the information 6 we have to say here's the issue, and from a product 7 perspective as we develop our process and design the 8 product and then before really getting the work 9 teams to start doing provisioning close 10 requirements, IT, to really invest time and 11 resources into our systems and programming, 12 et-cetera, here's -- let me bounce off of you guys 13 where we're at and where we're stuck and we need 14 some help. 15 So, I mean, to Allan's point, we don't 16 have finalized contract language. Things are still 17 in flux and that's why when that stuff was filed 18 with the FCC it was clearly labeled as a draft, as a 19 work in progress as things were still moving, and we 20 just needed to get some direction from them and 21 other members of the CLEC community to provide us 22 feedback. So, I would echo his sentiments exactly 23 that we're at the point in the process that if we 24 had to change the course of direction, it's going to 25 have severe -- not severe, but significant impacts</p>

<p style="text-align: right;">Page 110</p> <p>1 on the work product that we're on right now. 2 MS. TAFF-RICE: Could I just follow 3 up on that then? 4 MR. CRUZ: Sure. Name and company, 5 please. 6 MS. TAFF-RICE: Anita Taff-Rice with 7 Rhythms. One question that we have is the inclusion 8 in the contract language of a section on spectrum 9 management. I think a lot of people in this room 10 are aware that spectrum management has been ordered 11 to be dismantled by both the FCC and the Texas PUC. 12 Can you explain to us why that language is in there 13 and what your process is going to be for imposing 14 that? 15 MR. SAMSON: Well, I disagree with 16 your characterization. I don't know that spectrum 17 management -- we disagree perhaps on that 18 definition. I think SFS in some binder group 19 management aspects have been ordered to be 20 discontinued and SBC's complying with that. 21 Spectrum management in terms of do you identify a 22 PSD mask, do you inventory some of that, do you 23 share that on loop qual request, you know, you may 24 not characterize that as spectrum management, we 25 may. So, just to set the record straight on that.</p>	<p style="text-align: right;">Page 112</p> <p>1 no longer do SFS and BGM in Southwestern Bell. But 2 Allan is exactly right on PSD. But even in the 3 line-sharing order I think it still says somewhere 4 in there that we need to have that PSD information 5 available as that -- as those orders come through, 6 so -- 7 MR. SAMSON: We filed in California 8 today and we passed out to the line-sharing 9 participants in the trial in today's meeting the 10 language we filed in California that has -- not 11 PRONTO language but the line-sharing language. It 12 has a section on spectrum management that 13 essentially says we'll abide by national standards, 14 the CLECs will tell us the PSD mask, we'll inventory 15 that and we'll share it on a loop qual form. That 16 at a high level without going into a lot of detail 17 is sort of the essence, if you want to call it 18 spectrum management, of what would apply here as 19 well. Yes, Mike. 20 MR. ZILLIBID: One other question. 21 This is Mike Zillback of Covad. There was some 22 discussion earlier about the availability of copper 23 once you place this in the network. And having done 24 a lot of network planning and relief and so forth, 25 one of the justifications for putting in digital</p>
<p style="text-align: right;">Page 111</p> <p>1 My understanding is that the language in there is 2 similar to the language that is in the DSL appendix 3 similar to the appendix that Rhythms has signed in 4 the state of Texas, so -- 5 MS. TAFF-RICE: Well, let me be clear 6 with you, Allan. The reason I ask this question is 7 that we did, Rhythms did have an earlier meeting 8 with SBC representatives trying to understand some 9 of the specifics of the contract language, and when 10 we asked about this section we were told that the 11 draft was put together fairly quickly and that in 12 fact that may have been an inadvertent inclusion in 13 the contract. So, I'm just trying to understand, is 14 it going to be a spectrum management program or not 15 and, if so, we need some details to understand 16 what's going to be involved with that. 17 MR. SAMSON: The spectrum management 18 section of the contract -- and, James, do you want 19 to -- do you want to add a comment real fast? 20 MR. KEOWN: I was in there part of 21 that call, and during that particular section of the 22 conversation we talked SFS and BGM have been 23 essentially done away with in our company and I 24 think I even reiterated the fact that I was one of 25 those that helped write the letter that says we will</p>	<p style="text-align: right;">Page 113</p> <p>1 loop carrier was taking a look at the ability to 2 reuse that existing copper to relieve all of the 3 feeder and distribution between where you're going 4 to place that DLC and the central office. And I'm 5 assuming that that same kind of thought went into 6 the areas where you're going to be deploying this. 7 Now, what that does to me is really raise some 8 concerns about the availability then of copper 9 beyond that DLC to serve customers that we may want 10 to choose to keep on copper because over a period of 11 a year or two you're going to be using that copper 12 to relieve rather than putting in new copper between 13 the DLC and the central office. 14 MR. SAMSON: I don't know that I 15 agree with all of that, per se. James, do you want 16 to take a shot or -- I don't know that I even 17 understand it enough to -- 18 MS. FISCHER: I'm not sure it really 19 is a question. I think it's just a statement of 20 concern. 21 MR. ZILLIBID: It is. And it gets 22 back to what James and you folks had said earlier 23 that you -- and that you're not going to dismantle 24 any copper, and I'm sure you're not going to 25 dismantle any copper. But the reality of it is</p>

<p style="text-align: right;">Page 114</p> <p>1 you're going to reuse that copper out to the point 2 where that DLC is to relieve customers closer into 3 the CO which over time will leave fewer and fewer 4 copper carriers available to serve those, say, 5 beyond that which could be 10 kilofeet, 12 kilofeet 6 or whatever. So, over time you're not going to have 7 the copper pairs to feed people out there at 18 8 kilofeet even if we want copper pairs to serve those 9 customers. 10 MR. SAMSON: I think that is a 11 statement. I don't know that SBC -- I don't want 12 you to think by not addressing it we agree with 13 you. I mean, to the extent that we place regular 14 digital carrier, forget DSL or PRONTO, I mean, the 15 network evolves, the network changes, we deploy 16 this, we deploy that, it all has an impact on the 17 network whether it's this PRONTO Litespan equipment 18 or just a slick 96 or whatever else we choose to 19 deploy. So, I think it's something to think about, 20 Mike, but I don't know that it's as definitive of an 21 outcome as perhaps you might believe it is would be 22 my response. Yes, ma'am. 23 MS. ESCOBEDO: Pat Escobedo, Connect 24 South. I want to confirm something. If TELCO owns 25 the ADLU card, are you saying that the CLEC use of</p>	<p style="text-align: right;">Page 116</p> <p>1 I think I'm very clear on what No. 1 encompasses. 2 My question is, I'm not sure about No. 2. And there 3 appears to be a gap between 1 and 2 which is the 4 distance between the serving area interface where 5 there's a 1 in parentheses and the digital loop 6 carrier itself. 7 MR. BOYER: I can address that. The 8 first UNE basically consists of all the copper 9 facility from the RT out to the end user. The 10 reason it's drawn this way is because the reality of 11 it is, is that the actual copper facility from the 12 Litespan out to the SAI is integrated into the 13 Litespan or digital loop carrier equipment, so the 14 point of access is going to be out at the SAI. 15 You're not going to be able to go into the RT and 16 physically gain access to the copper UNE at that 17 point, so the reason it's drawn this way is just to 18 reflect the point of access is at the SAI. 19 MR. UPTON: And so this is reflective 20 of PRONTO which is your new deployments only? 21 MR. BOYER: Right. 22 MR. UPTON: And the original cover 23 that I got for this meeting, it said PRONTO and it 24 said Connecticut, but are you representing PRONTO 25 across all of SBC today?</p>
<p style="text-align: right;">Page 115</p> <p>1 either Proposal 1 or 2 is precluded? 2 MR. BOYER: Well, I mean, if the 3 TELCO owned the ADLU card there would be no reason 4 for the CLEC to purchase their own card and have it 5 placed, an ADLU card and have it placed. We would 6 offer a port on an ADLU card in conjunction with our 7 UNE product so you could purchase a port on that 8 card. 9 MS. ESCOBEDO: But that doesn't quite 10 answer my question. Are you saying that -- 11 MR. CRUZ: We would prefer to -- 12 MS. ESCOBEDO: -- use of Proposal 1 13 and 2 by the CLEC would be precluded? 14 MR. CRUZ: We would prefer to have 15 Option 3 and Option 3 only. So, the answer to your 16 question is yes. 17 MR. SAMSON: A CLEC can still place a 18 DSLAM at the RT or adjacent to the RT and other 19 options exist, right. 20 MR. CRUZ: That gentleman in the gray 21 shirt's had his hand up for a while. 22 MR. UPTON: Bill Upton, Sprint, 23 Broadband Local Networks. Drawing 21, please. When 24 you get to Drawing 21 you're going to see your UNE 25 Loop No. 1 and UNE Loop No. 2. I'm very clear on --</p>	<p style="text-align: right;">Page 117</p> <p>1 MR. BOYER: Yes. 2 MR. UPTON: So, I find that 3 unacceptable. I would prefer to be able to 4 intercept that loop at that digital loop carrier, 5 but I understand this is the PRONTO offer. 6 MR. SAMSON: Let me ask a question to 7 that. Are you talking in the event that you just 8 wanted sub-loop distribution, where would your point 9 of access be? 10 MR. UPTON: Yeah. 11 MR. SAMSON: Let me address that. 12 Our sub-loop product team, you know, trying to work 13 to develop the product in compliance with UNE Remand 14 is looking at a couple of options and we're 15 wrestling with that. In some cases, you know, as 16 you read the UNE Remand order it says we're not 17 obligated to unbundle at a place where we've got to 18 break open a splice case. Some of the RTs that we 19 have have protector frames and you would have to 20 break into that frame, so there's a thought that 21 says is that really an access point. In that 22 scenario the natural cross-connect point is the SAI 23 and so -- and I don't know where we'll land, but the 24 product team is looking at, okay, perhaps we make it 25 available at the SAI.</p>

<p style="text-align: right;">Page 118</p> <p>1 As you probably know, there are multiple 2 SAs that feed into a single RT in many cases, and 3 so it might be more convenient from the CLEC 4 perspective as well as SBC's perspective even though 5 the UNE Remand doesn't require it to go ahead and 6 break into that protector frame, pull out a 25 pair 7 from each SA, put in some sort of a cross-connect 8 panel there and allow access to the sub-loop at the 9 RT. I think what the PROJECT PRONTO product team 10 has had to do in order to develop this is to go with 11 what we know, and what we know is in most cases the 12 SA interface is the place. I'll tell you that the 13 sub-loop team irrespective of DSL that's working on 14 the sub-loop product hasn't fully resolved that. 15 And so I wouldn't want you to walk away today saying 16 that's SBC's sub-loop offering across all the 17 states. 18 MR. UPTON: No, I didn't have that 19 impression. I just want to make sure this is the 20 PRONTO offering, and that adds clarity to it. In 21 PRONTO these are my options. 22 MR. SAMSON: Right. Although, I 23 don't know, James, that you could speak to -- to the 24 extent that SBC and its sub-loop offering does go 25 ahead and break that protector and put in a little</p>	<p style="text-align: right;">Page 120</p> <p>1 not diminishing the number of loops but you're not 2 adding to them either. You're keeping it rather 3 static. However, if you go into those old 4 neighborhoods and you cut those old customers into 5 those new DLCs, they have a valid concern. You've 6 now diminished the number of loops accessible to 7 them for DSL services out of the CO. 8 MR. SAMSON: Would you make that 9 statement even if in that existing neighborhood that 10 we cut that in we don't tear out the F1 cable? 11 MR. UPTON: It's not a matter of 12 whether you tear it out or not. It's the loop on 13 the other side of the digital loop carrier that 14 concerns me the most, I believe. Well, yeah, it's 15 both pieces. I'm sorry. 16 MR. SAMSON: It seems to me that by 17 the deployment of the digital loop carrier, you've 18 increased your F1 total capacity. You have the same 19 F2. We're not changing -- I mean, that's going to 20 ebb and flow as it would for normal demise. 21 MR. UPTON: That's their theory; if 22 you cut that F2 into that new digital loop carrier, 23 they've lost that copper access direct. 24 MR. SAMSON: Well, but let me -- 25 think with me on that. If we just have a greater</p>
<p style="text-align: right;">Page 119</p> <p>1 cross-connect panel there, this might need to adjust 2 to that. 3 MR. CRUZ: And I can speak to that. 4 I would envision that whatever sub-loop product 5 offering SBC creates across the 13 states we would 6 have to incorporate into this model later, so I 7 think we'll at least look at that and see how it 8 would fit and address issues like Allan has just 9 talked about at the RT. So, I think officially 10 today since we still have some more to do with 11 respect to the UNE Remand sub-loop or this is what 12 we have, you're correct. So, as of 3:45 on March 1 13 this is it but, you know, by -- I think the sub-loop 14 is effective in a couple of weeks. Then obviously 15 we have to look at that and incorporate that in the 16 product. 17 MR. UPTON: Just one final comment 18 since I've been waiting awhile. In fueling this 19 fire over here about reducing the number of loops 20 that are accessible out of the central office for 21 DSL services, that's really a reflection on how SBC 22 cuts over their digital loop carriers. If you put 23 those in inside of that central office serving area 24 and you're doing it only for new customers, then I 25 think the fear of what they're talking about, you're</p>	<p style="text-align: right;">Page 121</p> <p>1 supply of F1 and an order comes to us that says I 2 need a copper pair, SBC would have the flexibility, 3 you know, if it was an analog 8 DB loop, we might 4 assign the F1 portion of that complete loop through 5 the Litespan. If it's a DSL, SDSL capable, I want 6 all copper loop, we would have that F1. So, the 7 same F2 is out there and we actually have more 8 flexibility to either tie it to a copper F1 or a 9 Litespan F1. So, I still can't see how -- 10 MR. UPTON: That actually should help 11 them with their argue -- understand. What you just 12 said should help them then. 13 MR. SAMSON: Okay. 14 MR. UPTON: They have the flexibility 15 to use the loop. 16 UNIDENTIFIED SPEAKER: But the 17 argument is, if the guy's already at 25 or 30 KF -- 18 MR. UPTON: That's outside of the 19 central office serving area. 20 UNIDENTIFIED SPEAKER: But you're 21 talking about people working on copper. If you cut 22 him to pair gain, you increase the amount of copper 23 available for DSL inside the 17. 24 MR. SAMSON: Yeah. I mean, I'll 25 admit that before this morning I didn't think a lot</p>

<p style="text-align: right;">Page 122</p> <p>1 about that, but it seems as I'm walking through that 2 live with y'all it seems like it should increase, 3 not decrease. But, you know, upon further review we 4 might see that there's a flaw in my logic there. 5 Howard, you had a question? 6 MR. CRUZ: Well, the gentleman -- 7 MR. SAMSON: I'm sorry. 8 MR. CRUZ: We'll get to you in one 9 second, Howard. 10 MR. SAMSON: There's someone over 11 here actually that's been waiting forever. 12 MR. CRUZ: Well, let me get this 13 gentleman. 14 MR. SAMSON: Okay. 15 MR. FAVORS: Steve Favors with Logix 16 Communications. I want to make just one comment on 17 that. Probably for years Southwestern long-range 18 planning strategy has been to reduce the central 19 office serving area to 9 kilofoot by deploying 20 distribution areas. SAls, anything outside that 9 21 kilofoot. And, you know, unless they've drastically 22 changed their direction, I would assume that a lot 23 of these deployments of the DLC is going to end up 24 doing just that, working toward that ultimate plan 25 of reducing the central office serving area size to</p>	<p style="text-align: right;">Page 124</p> <p>1 carrier out in the network. And so I just want to 2 make sure we're not trying to solve the wrong 3 issue. The issue is card ownership. 4 MR. FAVORS: Well, that's where it 5 ties in with really the question. 6 MR. SAMSON: I mean, James, do you 7 want to add anything to that? 8 MR. FAVORS: The question I had was, 9 is Southwestern Bell in deploying their DSL, are 10 they going to use this same architecture that you're 11 asking or you're proposing here? Are they going to 12 use that same architecture to serve up their DSL 13 customers out in the RTs? 14 MR. SAMSON: Well, Southwestern Bell, 15 as you know, of course will have a data affiliate 16 that will provide DSL, so the TELCO operations will 17 not be providing DSL. As a fully functional data 18 CLEC, they will be treated at parity with the rest 19 of the CLEC community. So, yes, if we own the card 20 they would buy these unbundled elements as you see 21 them, they will go through SOLID, they will do the 22 things that you all will do. To the extent that if 23 a decision comes out that says the CLECs will have 24 to own the cards, then ASI and AADS will have to go 25 out and buy these cards and play by those rules.</p>
<p style="text-align: right;">Page 123</p> <p>1 9 kilofoot. Everything else beyond that point would 2 be served by digital loop carrier. 3 MR. SAMSON: There's a couple of 4 things I would respond to that. Number one is that, 5 you know, some things have happened obviously, UNE 6 Remand and some other orders have come out that 7 bring some obligations that perhaps we didn't have 8 four years ago or three years ago. That's one thing 9 I would say. The other thing is I think the FCC 10 recognizes that we have to manage this network. And 11 again, if you just forget PRONTO, if we were going 12 to deploy fiber to some distribution area and do 13 regular digital carrier, whether we were going to do 14 that or not really isn't the discussion, I don't 15 think. Maybe I'm wrong in what we're trying to 16 accomplish today. You know, that fear exists, in 17 other words, with or without PRONTO. PRONTO's a 18 digital loop carrier device, happens to be a DSL 19 capable device, but it's still a digital loop 20 carrier. And so what we're saying is, as we deploy 21 it a couple options exist. We can own the card or 22 you can own the card. What's the debate here is, is 23 it better that we own the card or is it better that 24 you own the card. We're not really trying to debate 25 through this filing the pros or cons of digital loop</p>	<p style="text-align: right;">Page 125</p> <p>1 So, yes, it would be parity either way that apple 2 slices. We're just looking for some acknowledgment 3 of what's the most efficient and the best way and 4 most expedient way to do this. 5 MR. HUGMAN: Chris Hugman with 6 Connect South. Couple of questions. First, has 7 Southwestern Bell decided that it is your position 8 that you want to own the card? 9 MR. CRUZ: Yes. 10 MR. SAMSON: Yes. 11 MR. HUGMAN: That's your position, 12 okay. Secondly, from a management -- 13 MR. CRUZ: Just, Chris, for a point 14 of clarification, that's what we filed with the FCC 15 for the clarity on the merger conditions. 16 MR. HUGMAN: Okay. So that's -- from 17 your standpoint that's really not open for 18 discussion any further. 19 MR. SAMSON: No, it is. That's what 20 we're here about. We're recommending. You know, 21 we've looked at what would it be if the CLECs were 22 to own the card. And I think Chris went through a 23 presentation that said as we went down that path, 24 here's all these obstacles that we kind of ran 25 into. So then we thought, you know, if we owned the</p>

<p style="text-align: right;">Page 126</p> <p>1 card, a lot of those go away and it gets simpler. 2 And so we've gone forward and said there may be some 3 concern with the merger requirements and other 4 things, can we own this card, it's our 5 recommendation, here's the pros and cons, and this 6 is your opportunity to kind of say we think that is 7 the better alternative or not. 8 MR. CRUZ: And, Chris, the idea is 9 that the further merger conditions and the creation 10 of the advanced services data affiliate, every 11 advanced services must be obviously distributed by 12 that affiliate and they have to own all the advanced 13 services equipment. The ADLU card because it has, 14 you know, it goes packetized 56K upstream or 15 downstream bits go through there, they must own that 16 card per the merger conditions, the -- 17 MR. SAMSON: Arguably. 18 MR. CRUZ: Arguably. So, we're 19 saying -- we're saying we just want some latitude 20 with respect to that. 21 MR. HUGMAN: I just wanted to know 22 how firm you were on that, but let me ask my next 23 question. From a management standpoint of the card 24 at the service, I need to do a line test. I mean, 25 how do I get my network management systems</p>	<p style="text-align: right;">Page 128</p> <p>1 with, but we recognize that as a need and recognize 2 that as a desire and we're trying to work on how to 3 make that work. 4 MR. HUGMAN: And just so -- you know, 5 it's not just a test issue, it's a traffic 6 measurement issue on a per-port basis and -- 7 MR. KEOWN: QS type data? 8 MR. HUGMAN: Well, that's another 9 question is UVR today, when can I get some CVR or 10 PVC or some other level QOS? You know, and 11 following onto that, your end points, are they 12 ATM-based end points or are they IT-based end 13 points? What are the number of end points? Do you 14 have a -- let me just throw them all out here. Do 15 you have a technical somebody that we can call and 16 talk to or have our engineers talk to related to the 17 Litespan 2000 to just ask some fundamental 18 engineering questions and some resource available 19 for us to do that? 20 MR. CRUZ: I think we can definitely 21 set that up, Chris, and go through the account team 22 negotiations perspective and provide you any 23 information you need from our technical perspective. 24 MR. SAMSON: There may be some 25 contacts at Alcatel James could make available that</p>
<p style="text-align: right;">Page 127</p> <p>1 interfaced to your systems so that I can test the 2 line or do a quality check or collect performance 3 data? 4 MR. SAMSON: That's a great question. 5 MR. CRUZ: Charlie Brown punt. 6 MR. SAMSON: I'm excited to hear the 7 answer. 8 MR. KEOWN: Me too. 9 MS. SMITH: Can you repeat the 10 question? 11 MR. SAMSON: It was great, trust us. 12 The question was, I believe, let me recap and you 13 tell me if I'm right. In a world where SBC TELCO 14 operations owns the card and installs it and we 15 provide this broadband UNE, what network management 16 tools are available to the CLEC to get into that UNE 17 and test it through for customer service reasons. 18 MR. KEOWN: And the answer I give 19 probably won't be as great as the question, but we 20 are looking at test heads and test devices that we 21 can deploy in the remote terminals that through 22 proxy servers and web browsers will allow CLECs to 23 be able to access and test those loops. That is 24 still being fleshed out technologically how we'll do 25 that and product wise what we choose to do that</p>	<p style="text-align: right;">Page 129</p> <p>1 you could contact directly irrespective of us. I'm 2 sure they'd be excited to share with you the ups and 3 downs and probably all the ups of their product. If 4 you have really technical Alcatel-specific 5 questions, it might be the most expedient route to 6 get directly with them. 7 MR. KEOWN: Allan has the right 8 answer, I think. Alcatel is available, so you can 9 ask all those questions too. Obviously we didn't 10 design the equipment. We know quite a bit about it 11 with some of our technical folks, but some of the 12 real detailed technical questions we don't and we 13 have to go to Alcatel ourselves. So, I would 14 encourage you to call the Alcatel folks. I'm sure, 15 like Al, they'd be happy to. 16 MS. TAFF-RICE: James, could you just 17 answer his question about quality of service because 18 in the contract it says that what you'll get from 19 PVC has an unspecified bit rate. Can you explain 20 what that means and how is it that we're going to 21 get any kind of guarantee, or are we not going to 22 get guarantee? 23 MR. KEOWN: I don't know that I want 24 to -- I don't know that I know enough to answer the 25 question about guarantees, but I can tell you --</p>

1 MR. BOYER: Do you want me to take
2 that? I don't know.
3 MR. MURTHY: I also want to add, if I
4 may, to that. Especially if there's a video where
5 you need to be concerned about this at all, because
6 video service going to provide all DSL, the question
7 that she asked from Rhythm is more appropriate. I
8 mean, I have no other questions on that.
9 MR. KEOWN: I can tell you that the
10 Alcatel equipment gives us QS data that we can
11 provide on your services, and of course the
12 NavisCore, the Lucent box has QS data in it, PVCs
13 that run through it. So, we have that data
14 available and I guess we just work that into the
15 product.
16 MR. CRUZ: I think we're on specified
17 bit rate.
18 MR. KEOWN: The unspecified bit rate
19 though is the --
20 MR. BOYER: The actual -- the SOLID
21 system they're developing is under development now.
22 It's not completely done yet. We're doing a lot of
23 work on developing that system and we have had
24 conversations with the SOLID -- with the team that's
25 work -- the IT team that's working on that product

1 to talk about making the various reports available
2 that are done today to measure traffic and density
3 of the -- which is what you were getting at is the
4 traffic and density reports that need to be pulled
5 out of that system. So, I mean, that's stuff that
6 we are considering. We might make, decide to make
7 the decision to make that available to the CLEC
8 community. Like I said, right now that product is
9 in the middle of being developed by IT, so I really
10 can't tell you one way or the other whether or not
11 that's going to be made available. I mean,
12 certainly that's -- obviously that's a
13 recommendation of stuff that you would probably
14 need, so we can certainly look into that.
15 In regards to the unspecified bit rate, we
16 have had quite a few conversations about a constant
17 bit rate type of service offering. At this point in
18 time because of the -- because of the nature of the
19 fact that this technology's being deployed now and
20 we want to get a product deployed and available in a
21 very short time frame, we have not fully evaluated
22 the constant bit rate application, but it is
23 something that we have discussed.
24 UNIDENTIFIED SPEAKER: And what is
25 the limitation of -- what is the impact of just

1 having unspecified bit rate available?
2 MR. BOYER: Unspecified bit rate
3 basically means that if you have a customer out
4 there with a DSL type service, we're not specifying
5 a bit rate up or down. I mean, if you go into the
6 SOLID system, you provision a maximum upstream of
7 8,192, our viewpoint is that the OC-3 pipe back to
8 the central office is so fat, if that's what you
9 want to call it, that's a good word, that it'll
10 support our traffic forecast so that it'll support
11 just about anything up or downstream over that pipe,
12 meaning that if you had just about everybody out
13 there, everybody out there that had DSL and they
14 were all going at 8,192, the pipe's still fat enough
15 to support that today. So, when you go into the
16 SOLID system and you specify your maximum downstream
17 speed, we can't guarantee you but you should get
18 something pretty close to that, whatever that speed
19 is, all the time because it's packetized, as you
20 know. You won't see all these constant streams
21 going across there. Now, I agree there's a problem
22 with the constant bit rate, you know, in the future
23 as new technologies are deployed and as we see
24 streaming video over DSL or voice over DSL, or other
25 types of technologies deployed. I agree there's

1 definitely some things we need to consider in
2 regards to CVR. But unspecified basically means
3 that you'll get -- up or down you should get a
4 pretty broad spectrum of speeds.
5 MR. MURTHY: Can I ask a question
6 related to what he asked?
7 MR. CRUZ: Actually I'm going to hold
8 you because she's had her hand in the back up for
9 quite a while.
10 MR. MURTHY: Okay. Fine.
11 UNIDENTIFIED SPEAKER: I had various
12 questions while that's going through. In relation
13 to the UBR, CBR, VBR and RT options, what about
14 multiple PVCs over the same DSL connection? Is that
15 going to be an option that we can have on SOLID
16 whereby we might have up to 2, 4, whatever PVCs per
17 DSL map?
18 MR. BOYER: We haven't fully -- we
19 haven't made a product, a fundamental product
20 decision about whether or not we would offer
21 multiple PVCs. I do think that in the future that
22 will probably happen.
23 UNIDENTIFIED SPEAKER: Okay. And one
24 very general question. When this -- when PRONTO's
25 said and done, what percentage of SBC's loops in the

<p style="text-align: right;">Page 134</p> <p>1 metropolitan areas will be on these new DLCs as well 2 as existing DLCs that are out there? 3 MR. BOYER: I can't speak for how 4 many of the loops will be on the new DLC. I think 5 our objective is to make 80 percent of our serving 6 area available for DSL services, so -- 7 MR. SAMSON: Either through PRONTO 8 or through existing copper loops. 9 MR. BOYER: Either through PRONTO or 10 through existing copper loops. I don't know for 11 sure how many will be on the new DLC. 12 UNIDENTIFIED SPEAKER: But that's not 13 very helpful if you're going to be having these less 14 than 18,000 kilofeet and giving us an idea because 15 there's overlap of people that currently can get DSL 16 technologies and also are going to be served by 17 this, so there's -- 18 MR. CRUZ: Why don't we take an 19 action unless -- James, unless you know the answer. 20 MR. KEOWN: And maybe this will 21 address the issue of will we have enough copper, 22 will copper disappear and all these things. PROJECT 23 PRONTO is, for the lack of a better phrase, and 24 please don't -- almost have the video turned off, 25 but for the lack of a better phrase, it's kind of an</p>	<p style="text-align: right;">Page 136</p> <p>1 again, we aren't going to cut anybody over to the 2 PROJECT PRONTO unless they buy DSL or unless there's 3 some cases where there's -- 4 UNIDENTIFIED SPEAKER: See, but I 5 just -- but that's different than what we just 6 heard. We heard you're going to proactively cut 7 over neighborhoods to DLCs. Now I'm saying it's 8 done on a per demand, DSL demand basis. 9 MR. KEOWN: I'm sorry, we either 10 miscommunicated, but we're going to build these in 11 neighborhood gateways so that as customers demand or 12 desire DSL services we can roll them over to PROJECT 13 PRONTO. They will be -- they will be neighborhood 14 gateways, but we are not going into neighborhoods 15 and just building these things and cutting customers 16 over wholesale. That's not the intent of this 17 project. So, to get a percent of how many of our 18 lines will be there, Chris stated earlier and Allan 19 too that we're making available to approximately 80 20 percent of our customer base DSL capable loops. 21 UNIDENTIFIED SPEAKER: Okay. Let's 22 run through this scenario then. You deploy a 23 Litespan 2000 as a neighborhood gateway serving 24 three neighborhoods. First customer that is on the 25 existing hose hasn't been thrown over yet because</p>
<p style="text-align: right;">Page 135</p> <p>1 overlay network. We're not putting it in, going to 2 a neighborhood and cutting 600 customers over to 3 PROJECT PRONTO. The customers that are working 4 today on copper when we get through building PROJECT 5 PRONTO will continue to work on copper. Allan 6 stated earlier and he was exactly right, at least my 7 vision of the same way, is that as a customer 8 decides to go to a DSL, if he's out at the 18 9 kilofeet level or 18 kilofeet length, if he goes 10 over to PROJECT PRONTO, then that piece of copper is 11 still there. We haven't -- we aren't going to tear 12 it out. It's going to be there available. So, if 13 you have somebody that's 10 kilofeet or 15 kilofeet 14 and you want to try to serve them over that copper 15 loop if it's available, then we'll make it available 16 unless I misspeaking, Allan or Rod. But the copper 17 loop itself will be there. 18 UNIDENTIFIED SPEAKER: From the 19 perspective of knowing what percentage, I mean, 20 looking at just pure customers that we can have on 21 the line-sharing arrangement, what percentage can 22 we -- approximate percentage can we expect will be 23 on DLCs versus the hosts and remotes that currently 24 have CO-based DSLAMs? 25 MR. KEOWN: I think the answer is,</p>	<p style="text-align: right;">Page 137</p> <p>1 you're doing it on a demand basis. First customer 2 calls in and says I want DSL. What happens? And 3 that loop is actually off the original host is 4 18,000 feet. What happens at that particular 5 point? 6 MR. SAMSON: Let me jump in and help 7 here because who are they calling? Are they calling 8 Covad to order that or are they calling SBC's ASI? 9 UNIDENTIFIED SPEAKER: SBC, the data 10 affiliate. 11 MR. SAMSON: The data affiliate's 12 going to make a decision then. They're going to get 13 their loop qual information back and they're going 14 to specify a UNE they want to purchase. They're 15 either going to specify an xDSL all copper loop or 16 they're going to specify Chris Boyer or the UNEs 17 that Chris Boyer has walked you through today. So, 18 the TELCO is going to wait to receive a UNE order 19 from ASI, from Covad, from any other data or 20 integrated CLEC out there and based on what that 21 CLEC chooses to do will determine how the TELCO 22 assigns a pair to serve that customer. 23 UNIDENTIFIED SPEAKER: So, it's very 24 perceivable that when you put that new Litespan 2000 25 in as a neighborhood DLE gateway or whatever it is,</p>

<p style="text-align: right;">Page 138</p> <p>1 that it might not serve as any POTS customers if you 2 don't put new neighborhoods or new lines out there 3 until that first demand comes in. Is that 4 conceivable? 5 MR. SAMSON: You asked -- well, I'm 6 not sure I fully understood. Let me answer it this 7 way and you tell me if I missed it. You just asked 8 a different question. What you said before was, if 9 someone orders DSL, what happens. What you just 10 said now is no POTS customers will ever go on 11 there. If a customer calls up and orders just POTS, 12 no DSL at all, James would have to speak to, we'll 13 probably go to provision of POTS loop and if it 14 turns out that we have digital loop carrier and we 15 provide them over just the voice part of this, we 16 may do that. If we serve them over all copper, we 17 may do that if it's just strictly POTS only. 18 UNIDENTIFIED SPEAKER: I'm talking 19 existing customers. You're going to put that 20 gateway in there and I just heard that you're not 21 going to do wholesale loop throws onto that DLCs, 22 not proactively. So, you're going to have a new DLC 23 sitting out there. The first -- until the first DSL 24 demand customer comes in, unless you don't -- I 25 mean, let's assume that you don't have any POTS</p>	<p style="text-align: right;">Page 140</p> <p>1 make sure we haven't lost sight of what the issue to 2 be decided is. Again, we're not debating and I 3 don't think the FCC's deciding whether or not SBC 4 can deploy digital loop carrier devices and, if they 5 do, what cable configurations go along with that. I 6 think the issue before the FCC is, is the CLEC going 7 to own the card or is SBC going to own the card. 8 MR. CRUZ: SBC the ILEC. 9 MR. SAMSON: SBC the ILEC. And so, I 10 mean, we'll be happy to talk about our digital loop 11 carrier plans, but at the end of the day I'm not 12 sure that's the question that the FCC is asking or 13 that we've asked the FCC. I won't speak for what 14 they're asking you all. So, I just want to make 15 sure that we haven't used all our time talking 16 digital loop carrier and sort of missed maybe the 17 better questions that deal with card ownership and 18 pros and cons, because one way -- I mean, I don't 19 know what our plans are, but we're probably going to 20 deploy digital loop carrier in some form in our 21 network -- 22 MR. CRUZ: Irrelevant to -- 23 MR. SAMSON: -- irrelevant to this 24 discussion. The issue is, should we own these cards 25 or should you own these cards. I guess I just want</p>
<p style="text-align: right;">Page 139</p> <p>1 demand coming into that new neighborhood or gateway. 2 MR. SAMSON: Zero POTS growth, okay. 3 UNIDENTIFIED SPEAKER: So, is it 4 very -- it's very conceivable until that first DSL 5 demand comes in you're not going to throw any loops 6 onto that new DLC. You might not have any POTS 7 customers off that DLC. 8 MR. SAMSON: Given the assumptions 9 you've stated, I think that's true. Now, what's the 10 likelihood of zero POTS growth, probably not very 11 good. What's the likelihood of zero DSL growth for 12 any extended period of time, probably not very 13 good. But if you take those as givens in your 14 hypothetical situation, that could happen. 15 UNIDENTIFIED SPEAKER: But no 16 proactive existing customers thrown onto that 17 particular DLC unless we have DSL demand of those 18 customers, existing customers. That's what I'm 19 hearing. I just want to make sure it's real clear. 20 MR. SAMSON: Based on what we know 21 today, that's right. 22 UNIDENTIFIED SPEAKER: Okay. 23 MR. SAMSON: Let me just do a gut 24 check for everybody here real quick. It's 4:10, and 25 we can go as long as we need to go. I just want to</p>	<p style="text-align: right;">Page 141</p> <p>1 to make sure I level set there and we don't use our 2 time inappropriately. Yes, ma'am. 3 MS. ESCOBEDO: Pat Escobedo, Connect 4 South. I thought the real question was whether 5 TELCO could own the card rather than ASI could own 6 the card, the equipment. 7 MR. CRUZ: If that's -- if you expand 8 that, then I'll not only tell you it's ASI but it's 9 any of the other CLECs. So, it's either does the 10 ILEC own the ADLU plug cards along with the OCD or 11 does the CLEC, do the CLECs own those cards. 12 MR. SAMSON: Including ASI. 13 MR. CRUZ: Including ASI. 14 MS. ESCOBEDO: And my question would 15 be, why can't the CLEC also own the card? 16 MR. CRUZ: You want to know why don't 17 we do all the options? 18 MS. ESCOBEDO: Right, I meant all 19 options. 20 MR. SAMSON: I don't know that 21 there's an upside to that. I can certainly speak 22 that there's a lot of downsides. Just from an M&P 23 perspective there's a lot of downsides. You have to 24 have both these processes and develop this card pile 25 over here that this is owned by the TELCO and this</p>

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1 is owned by the CLEC. It seems simpler and more
2 efficient to do it one or the other. If we can own
3 it, then that would be the product that we roll out.

4 MR. CRUZ: And I can speak from a
5 product perspective. If we have to go out and
6 sustain, oh, maybe two or three flavors of this
7 product, the work is more complicated. I'm not sure
8 I'm going to get much pity from anybody if I go tell
9 that story, but just a plain provisioning flow,
10 service order, processing, ordering, provisioning
11 perspective, it is just ugly. It's ugly in probably
12 just about any way, shape or form you look at today,
13 but it's even a little more cumbersome. So, I'll
14 get right to you because Sharon had a question.

15 MS. THOMAS: Yeah, I had a question
16 about the response that you gave previously about
17 not proactively switching the POTS customers.

18 MR. CRUZ: Well, Sharon, I really
19 don't want to -- I really want --

20 MS. THOMAS: Well, because I want to
21 read something that was in this letter that SBC sent
22 to the FCC because it seems inconsistent with that,
23 so -- and we do have comments due on Friday and I
24 think the issue was, is what you sent to the FCC
25 something that we should be commenting on or are we

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1 be the DLC. So, we will grow lines in the DLC if
2 that's the case. If we still have copper facilities
3 or some other facilities to serve the customer, our
4 provisioning system will grab a pair and assign a
5 customer for growth, but not just a wholesale go out
6 and cut some existing customer over to the existing
7 DLC. That's not -- those aren't the plans.

8 MR. SAMSON: There's no benefit to
9 doing -- I mean, you incur expense and work to do
10 that and what would be the benefit? If they're
11 working where they are, then we'd leave them where
12 they are.

13 MR. KEOWN: You have to buy a POTS
14 card, you have to go out and cut them over, you have
15 to do a lot of things that just absolutely is a
16 waste of our resources to do it. So, if it exists
17 as an existing customer, we aren't going to go over
18 and cut them over.

19 MR. CRUZ: Sharon, is that clear?
20 Does that help you?

21 MS. THOMAS: Well, yeah, I think it's
22 helpful. But the other concern I had, I think we've
23 been talking about these cards, and this sort of
24 gets to the question of who should own them, the
25 concerns about the technology and whether they'll

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1 commenting on something completely different? I
2 mean, in this letter you say -- you're basically
3 trying to justify that you really don't think you
4 need an exemption of the merger conditions because
5 you really think these cards are not only to provide
6 advanced services and you say, "In fact, the
7 majority of the cards will be used to provide POTS
8 services rather than advanced services, at least
9 initially." And that kind of suggests that maybe
10 there will be some proactive transition of POTS
11 customers before they actually have ordered, you
12 know, DSL services. And so I just wanted to see if
13 we could get some clarification on that because we
14 are planning to respond to this letter and we kind
15 of need to understand.

16 MR. CRUZ: Great. James, do you want
17 to take a crack at that?

18 MR. KEOWN: If we're in a
19 neighborhood, if we're in a situation where we have
20 deployed one of these DLCs -- and again, I stated
21 that we started looking at DLCs years ago, but we
22 started looking at the DLC, this particular product
23 '98 through '99, first part of '99. If we're in a
24 neighborhood where we have exhausted our copper
25 capacity, then the next growth vehicle is going to

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1 support other types of DSL. And I guess another
2 concern would be I assume these cards as I
3 understand it have to be compatible with the
4 equipment that's at the end user location. And so
5 if let's say we're not using Alcatel at the end user
6 location, I don't know if it has to be exactly the
7 same, but whatever the, you know, whatever kind of
8 signal it's sending, even as Alcatel develops the
9 technology to serve different types of DSL, is
10 somebody -- say they have a whole inventory of CPE
11 that doesn't match Alcatel, what happens then? They
12 just don't -- it doesn't work. And, I mean, I guess
13 that leads to the possibility that maybe you need to
14 let the CLECs have their own cards. But then I'm
15 curious, do the RTs, are the racks in the RTs
16 only -- do they only fit the Alcatel cards?

17 MS. FISCHER: Yes.

18 MR. KEOWN: Yes.

19 MR. CRUZ: And I'm -- and, Sharon,
20 I'm not sure that I agree that the cards have to be
21 compatible with the CPE equipment. James, is that
22 consistent with what you know?

23 MR. KEOWN: Well, the chips have to
24 match.

25 MR. CRUZ: But, I mean, you can have

<p style="text-align: right;">Page 146</p> <p>1 different manufacturers and different --</p> <p>2 MR. KEOWN: Yes, absolutely.</p> <p>3 MR. CRUZ: -- as long as they're</p> <p>4 talking the same language.</p> <p>5 MS. SMITH: Actually could you repeat</p> <p>6 that point right there? I didn't quite hear. I'm</p> <p>7 not hearing her question at all. I'm only trying to</p> <p>8 get part of it here.</p> <p>9 MR. CRUZ: The question was, was</p> <p>10 there -- is there any compatibility issue with the</p> <p>11 cards at the RT and the CPE equipment as far as them</p> <p>12 having to be made by the same manufacturer, are</p> <p>13 there some constraints with respect to that. Does</p> <p>14 that characterize the question correctly?</p> <p>15 MS. THOMAS: Even if not necessarily</p> <p>16 made by the same manufacturer but, you know,</p> <p>17 whatever the compatibility --</p> <p>18 MR. CRUZ: Yeah, just compatibility</p> <p>19 concerns. And I think once again I'm kind of out of</p> <p>20 my realm of expertise, but it's my understanding</p> <p>21 that that's not the case, that as long as the chips</p> <p>22 can talk and communicate and they're compatible,</p> <p>23 then that's really the issue, so --</p> <p>24 MR. KEOWN: It really is.</p> <p>25 MR. CRUZ: I don't think that would</p>	<p style="text-align: right;">Page 148</p> <p>1 don't have a right to own that card. I think it's</p> <p>2 just up for debate. So, I guess that's kind of</p> <p>3 where I'm at. Yes, sir.</p> <p>4 MR. WEINER: I thought you said we</p> <p>5 should talk about that subject. I'm sorry.</p> <p>6 MR. CRUZ: No, no, we should, and I'm</p> <p>7 glad you were bringing it up. But once again, I</p> <p>8 think no one's debating whether you can or can't.</p> <p>9 It's really how should we do this together and maybe</p> <p>10 create a path forward. Yes, sir.</p> <p>11 UNIDENTIFIED SPEAKER: Will I be able</p> <p>12 to buy those cards from Alcatel under your purchase</p> <p>13 agreement with them?</p> <p>14 MR. KEOWN: No.</p> <p>15 MR. CRUZ: I'm looking around just to</p> <p>16 have a sanity check. I think the answer to that</p> <p>17 question is no. You would have to go out and</p> <p>18 negotiate your own terms and conditions for the</p> <p>19 cards and --</p> <p>20 MR. SAMSON: But I think that could</p> <p>21 highlight an advantage. If SBC were to own the card</p> <p>22 if the FCC were to allow that, we could buy all</p> <p>23 those cards, unbundle it at a UNE rate and we would</p> <p>24 be able to purchase the mass volumes and perhaps</p> <p>25 arguably get a discount. And so that might be an</p>
<p style="text-align: right;">Page 147</p> <p>1 be a limiting factor. William, is that right?</p> <p>2 You've had your hand up for a little bit.</p> <p>3 MR. WEINER: Ken.</p> <p>4 MR. CRUZ: Ken. I'm sorry.</p> <p>5 MR. WEINER: From Birch. With</p> <p>6 respect to the CLEC owning the cards, one argument</p> <p>7 for why that might make sense is that that seems to</p> <p>8 me to be analogous to the virtual collocation option</p> <p>9 at least that's available in Texas where a CLEC -- I</p> <p>10 don't need to tell you what virtual collocation is,</p> <p>11 but where CLECs can do that, that to be able to --</p> <p>12 so the CLEC can choose the equipment so long as it</p> <p>13 meets net one or whatever and then it provides the</p> <p>14 services that that CLEC wants to use; it works with</p> <p>15 the integrated access devices or the routers that</p> <p>16 the customer wants to use.</p> <p>17 MR. CRUZ: Ken, I don't think there's</p> <p>18 any question whether you guys can or -- I think once</p> <p>19 again it's digging a little deeper past that and</p> <p>20 getting more into the operational issues, the pros</p> <p>21 and cons. To me some of the concerns that I would</p> <p>22 have, you know, speak to market, ease of doing</p> <p>23 business, operational issues, system constraints,</p> <p>24 et-cetera, you know, that would drive some of those</p> <p>25 decisions. So, no one's arguing here that the CLECs</p>	<p style="text-align: right;">Page 149</p> <p>1 upside to SBC ownership of the card.</p> <p>2 MR. CRUZ: So, there's economies of</p> <p>3 scales that -- I think that's fundamentally one of</p> <p>4 the arguments, one of the components we should look</p> <p>5 at is --</p> <p>6 MR. BOYER: The fundamental issue</p> <p>7 that we've come up with in the product development</p> <p>8 cycle anyway is the fact that if the CLEC purchased</p> <p>9 the card, that's exactly what you're getting at, you</p> <p>10 would have to purchase an inventory of those cards.</p> <p>11 And for the telephone company to be able to tie in</p> <p>12 our copper facilities with that card would require</p> <p>13 us to somehow have your inventory of cards</p> <p>14 integrated in our inventory systems to assign,</p> <p>15 physically assign the copper pairs to those cards.</p> <p>16 But as of today we do not maintain an inventory of</p> <p>17 our customers' equipment obviously. So, for us to</p> <p>18 tie in those copper pairs with cards that belong to</p> <p>19 another entity is from an inventory perspective and</p> <p>20 an OSS perspective of maintaining a database that</p> <p>21 has all those cards, it's just not something that we</p> <p>22 could come to a conclusion on, could not determine</p> <p>23 that.</p> <p>24 MR. SAMSON: You have the added</p> <p>25 complication, you know, just talk about number of</p>

<p style="text-align: right;">Page 150</p> <p>1 central offices and having enough splitters 2 available in each central office. There's dozens of 3 these RTs for every CO, and so now if you buy -- if 4 the CLEC were to buy the card, you now have to start 5 doing your forecasting at an RT by RT and make sure 6 you have X number of cards in this RT and X number 7 and if you're wrong and you have more customer 8 demand out of this serving area than that serving 9 area, you've got this capacity over here but in this 10 serving area you're short, and all those kinds of 11 issues we believe somewhat go away if SBC were to 12 own the card and just unbundle it as a UNE and then 13 we'll deploy them in all the RTs. And that, you 14 know, I think speaks to a real benefit we would see 15 at the RT location for card ownership. 16 MR. CRUZ: You've had a question for 17 some time. I'll get to you, Ann, and the gentleman 18 up front in a second. Yes, ma'am. 19 MS. McCALL: I understand that -- 20 Cindy McCall, MCI Worldcom. I understand that your 21 preference is to own both the cards and the OCD, and 22 you've covered the pros and the cons, the options 23 for the cards, but you really haven't spoken to the 24 OCD. 25 MR. CRUZ: Do you have any</p>	<p style="text-align: right;">Page 152</p> <p>1 having one OC-3c from the RT back to the CO and 2 letting all data CLECs jump on that is the most 3 efficient and cost effective. What that means then 4 is that the central office, the TELCO unbundling 5 this has to then sort that out. 6 So, if you think of the OCD as sort of a 7 demultiplexer for packet, if you will, to sort these 8 all out, if we didn't own it the only alternative 9 would be let's say Covad owned it and we would have 10 to go to Covad and lease that. Well, then all of 11 Covad's competitors would be paying us for a UNE 12 which the underlying cost input is their 13 competitors' equipment that they're leasing to us at 14 a profit or ASI or someone else. And so practically 15 speaking, the biggest pro or con is we just couldn't 16 figure out any other way to do it other than us 17 owning it, you know, if that makes sense, that 18 explanation makes sense. 19 MR. CRUZ: Does that clear it up a 20 little bit for you? 21 MS. McCALL: Yes. I just wanted to 22 cover it. 23 MR. CRUZ: That's a good -- I'm glad 24 you brought it up because we really have kind of 25 glossed over that. Ann, you had a question.</p>
<p style="text-align: right;">Page 151</p> <p>1 specific -- 2 MS. McCALL: Pros and the cons. 3 MR. CRUZ: Do you have any specific 4 questions or, I mean, do we need to -- 5 MR. BOYER: The OCD, technically 6 speaking we have to have a device that performs the 7 function of the OCD in order to route your traffic 8 to wherever you're picking it up at your ATM cloud. 9 There is really no alternative to routing the 10 traffic. The options that we had considered in the 11 past for that was either -- either the telephone 12 company will own the OCD or we will actually lease 13 the OCD from another provider. So, the technology 14 itself will belong to the -- we haven't focused too 15 much on that issue because we're not really asking 16 for -- 17 MR. SAMSON: Can I speak to that 18 maybe just to make that real clear. If you look in 19 the picture where you have that OC-3c with data, if 20 you had 8 interested CLECs at that RT location, 21 it's -- any one CLEC is not going to need an OC-3c 22 worth of bandwidth, and so -- and in fact I think if 23 we required that, you know, it would be viewed that, 24 hey, the cost of that for the few customers we have 25 would far exceed any practical application. So,</p>	<p style="text-align: right;">Page 153</p> <p>1 MS. LOPEZ: I'll defer to -- 2 UNIDENTIFIED SPEAKER: I just wonder 3 when you plan to establish prices for the different 4 elements and how. 5 MR. SAMSON: It probably will follow 6 the decision to let us do it. 7 MR. CRUZ: I think we have cost -- 8 we've launched some cost studies and some work and 9 obviously with all the work going on in the industry 10 that we've got to -- we have obligations to do, 11 we've kind of put the emergency brake on that for a 12 second until we get an outcome and a readout of 13 where this is going to land because obviously we 14 really can't afford to be doing duplicative work. 15 So, I think as soon as we get a feel for what the 16 response to our clarification will be, then we can 17 move forward. I don't know, I mean, if -- I'm not 18 even sure. To be honest, frankly honest, brutally 19 honest, I'm not even sure what the procedural 20 schedules. I know comments are due back to the FCC 21 Friday, and then I think replies are due on the 10th 22 and I haven't heard when there's going to be an 23 official opinion made. 24 So, having said all that, we're still 25 going to press on, do some things working off those</p>

<p style="text-align: right;">Page 154</p> <p>1 assumptions. However, I can't commit to you to say 2 by date X all this, you know, we'll have costs and 3 we'll have contract language we'll negotiate from, 4 et-cetera, just because of the uncertainty of where 5 we're at today. We're kind of at a crucial decision 6 point at this time. 7 UNIDENTIFIED SPEAKER: In order for a 8 CLEC to take this element though, they would have to 9 negotiate new contract language? 10 MR. CRUZ: Yes. 11 MR. SAMSON: Yeah. 12 MR. CRUZ: There will be a whole 13 appendix addressed to this broadband UNE. 14 MS. LOPEZ: I want my question back 15 then. 16 MR. SAMSON: You're going to spend 17 your chip now. 18 MR. MURTHY: Coming back to the focus, 19 I'd like the focus to be brought back to what the 20 real discussion is about. The discussion is whether 21 the RTs owned by you or RTs completely owned by the 22 CLEC, whichever CLEC chooses. 23 MR. SAMSON: No, the card, just the 24 card. The Litespan in any event will be owned by 25 SBC.</p>	<p style="text-align: right;">Page 156</p> <p>1 that we can buy which will make your service order 2 process easy enough. Is it meaningful? I know it's 3 your calculate which is better or not. There may be 4 some CLECs who want to say, especially the bigger 5 CLECs in between, you know, just trying to think in 6 terms of extremes. It's either you own it or we own 7 it or you have your own RT, whatever you want to 8 have. 9 MR. CRUZ: So, let me understand this 10 correctly. You're suggesting that we may have a 11 CLEC interest in somebody coming and saying we don't 12 want to just place one card, we want to have -- 13 MR. MURTHY: Yeah, big enough, good 14 enough number so that your service order processing, 15 it's still going to be small so you're going to have 16 enough work to process in one shot. Just a 17 question. You know, there's no answer required 18 right away. You can think of. That's one of the 19 options like in between rather than saying yes or 20 no. 21 MR. SAMSON: My favorite questions 22 are questions that don't require an answer, so thank 23 you. 24 MR. MURTHY: That's okay. 25 MR. CRUZ: So, would you have a sense</p>
<p style="text-align: right;">Page 155</p> <p>1 MR. MURTHY: Yeah, I know, but -- 2 MR. SAMSON: The card. 3 MR. MURTHY: You could have one card. 4 MR. CRUZ: And the RT's owned by the 5 TELCO -- 6 MR. MURTHY: Exactly. 7 MR. CRUZ: -- and the shelves are 8 owned by the TELCO and the -- 9 MR. MURTHY: Exactly. It means that, 10 you know, the CLEC is big enough to say we could 11 have the whole RT, our own RT in order to have our 12 OC-3 coming into your central office, okay, no 13 problem, or you have the RT with the cards owned by 14 you and we only rent the, you know, ability to use 15 it. 16 MR. CRUZ: You buy a port. 17 MR. MURTHY: Yeah, buy a port, lease, 18 effectively lease. 19 MR. CRUZ: At the UNE rate. 20 MR. MURTHY: Yeah, that's what it 21 is. You know, I understand the servicing, all of 22 the issues totally. Is there anything in between? 23 You looked at holding the whole RT, a big enough 24 CLEC comes to you and say, guess what, we don't want 25 to bother with one or two cards. There's a minimum</p>	<p style="text-align: right;">Page 157</p> <p>1 for what volume we would use this criteria to say -- 2 MR. MURTHY: I have to know how many 3 ADLUs are in an RT. That gives an idea. I don't 4 know. And I don't remember the Litespan 2000 or 5 2012 capabilities, then I would know if it's the 6 break even or 50 percent or 60 percent, 70 percent. 7 MR. SAMSON: Yes, Howard, you have a 8 follow-up? 9 MR. SIEGEL: The flip side to that 10 issue is I would be very concerned if I was a DLEC 11 that because of space exhaust I couldn't get a 12 customer served because someone else was reserving 13 space. 14 MR. CRUZ: That's the crux of the 15 matter. I mean, it would be a tough balancing act 16 because that's my next question is, so, is it five 17 cards, is it ten, is it 15, you know, that number 18 can vary and then you run that forecasting over 19 capacity space exhaustion issue which is obviously a 20 slippery slope for all of us, so -- 21 MR. SAMSON: Any other questions? 22 Oh, Ann is wanting to spend her chip. Ann, do you 23 need some more coffee because we've got some. 24 MS. LOPEZ: I have three cups down 25 here.</p>

1 MR. SAMSON: Okay.

2 MS. LOPEZ: I want to go back to your
3 question. You said that you were going to only
4 place this scenario if allowed to in a growth-type
5 scenario. So, you're not going to go and take stuff
6 out and replace it with this -- this setup, okay,
7 where you're not going to run the DLC out. You're
8 not going to take away any existing copper; you're
9 going to place new copper and utilize this DSL
10 equipment.

11 My question would be is that I've already
12 got DSLAM equipment in my cage and I'm setting up
13 with SBC to do line sharing. We go out and we turn
14 around and do a loop qual and it comes back and it
15 says there's no F1 facilities, however, there's RT
16 available. My question would be, since there's RT
17 available, would SBC be taking a POTS line off of an
18 F1 loop to open that up for the line-share product
19 and move it onto the PRONTO project?

20 MR. SAMSON: Let me, James, answer
21 that from a contract perspective, and then I'll punt
22 to you if I'm wrong. It sounds like what you're
23 saying is since you already have your DSLAM and
24 you'd rather just use it, would I do basically a
25 line station transfer, move someone off an F1 copper

1 that's just a POTS only customer to my Litespan over
2 here and then have that F1 available to give you for
3 a DSL. And in the contract language and, gosh, I
4 think this is really right, but from the arbitration
5 in Texas and we've now expanded that to 13 states,
6 the contract language says that in scenarios where
7 we deny for digital loop carrier there's a couple of
8 things we have to do, and one of those is a
9 line-station transfer or trying to free up a copper
10 pair.

11 So, that's a long way of saying yes. We
12 would do an LST. That's what I view this to be
13 basically is an LST to a digital loop carrier,
14 happens to be a PRONTO digital loop carrier, to free
15 up a copper pair if that's an option that's
16 available to us.

17 MR. CRUZ: Folks, I really kind of
18 want to focus back again on the card ownership OCD
19 issues because I think we're going to run out of
20 time here shortly. Yes.

21 MS. TAFF-RICE: I have an OCD
22 question. How's that? The OCD is an ATM switch; is
23 that right?

24 MR. SAMSON: James?

25 MR. KEOWN: It is. Yes.

1 MS. TAFF-RICE: Okay. And that's a
2 Lucent product?

3 MR. KEOWN: Lucent product.

4 MR. CRUZ: CBX?

5 MR. KEOWN: CBX-500 or GX-550.

6 MS. TAFF-RICE: Okay. I have two
7 questions for you on that. You mentioned earlier
8 when the evaluation was done to choose other parts
9 of the equipment, specifically the Alcatel product.
10 Can you tell me when the evaluation was done to
11 choose this Lucent piece of equipment?

12 MR. KEOWN: Late last year as best we
13 can remember. That was kind of outside our scope.

14 MS. TAFF-RICE: Late '99 you mean?

15 MR. KEOWN: Yes, that was kind of
16 outside our scope. I'm sorry?

17 MS. TAFF-RICE: Late '99?

18 MR. KEOWN: Yes. That was kind of
19 outside of our scope at the time we were doing this.

20 MS. TAFF-RICE: And do you know what
21 the back plane speed is of the OCD?

22 MR. KEOWN: Not right off.

23 MR. SAMSON: Fast.

24 MR. KEOWN: Extremely, fairly fast.

25 MS. TAFF-RICE: I mean a gigabit,

1 megabit?

2 MR. KEOWN: Lucent has some -- I've
3 gotten most of my information off Lucent's web
4 site. If so, you can go to that web site and get
5 all their specifications.

6 MS. TAFF-RICE: And one last
7 question. This actually comes from the investor
8 briefing that SBC has done. There was some
9 discussion that there would be an investment of
10 \$1.75 million per CO to institute this new network
11 topology. Could you tell me how much of that goes
12 to the OCD placement?

13 MR. SAMSON: She must be one of those
14 new Schwab investors.

15 MS. FISCHER: The E-trade.

16 MR. SAMSON: The E-trade, right.

17 MR. KEOWN: We can give you that
18 information, but I don't know that right off the top
19 of my head.

20 MS. TAFF-RICE: I'd be interested if
21 somebody could supply that.

22 MR. BOYER: It depends on the
23 configuration of the switch. It's an ATM switch, so
24 it basically has 16 slots in the switch. So,
25 depending upon the cost of the cards that are placed

<p style="text-align: right;">Page 162</p> <p>1 in those slots, it could vary. 2 MS. TAFF-RICE: Do you have a range? 3 MR. BOYER: I don't off the top of my 4 head, no. 5 MR. CRUZ: James will follow up with 6 that. Yes, sir. 7 UNIDENTIFIED SPEAKER: I have a 8 question for your ownership issue. Is ASC able to 9 purchase the cards under the Southwestern Bell 10 agreement without ASI, the data -- 11 MR. SAMSON: I think the answer is 12 that if the FCC allows us to own the cards -- of 13 course they wouldn't because it would be an SBC -- 14 if the FCC says, no, the CLECs need to buy the card, 15 then all the cards that would be purchased would be 16 purchased by ASI, so it -- 17 UNIDENTIFIED SPEAKER: Under your 18 agreement, under your negotiated deal with Alcatel? 19 MR. SAMSON: Well, I'm not sure, 20 James, if that agreement's with the SBC corporation 21 or if that's with the Pacific Bell, SWBT, Ameritech 22 actual TELCO companies. I'm not sure how that 23 works. 24 MR. KEOWN: I'm not so sure either. 25 UNIDENTIFIED SPEAKER: Well, I mean,</p>	<p style="text-align: right;">Page 164</p> <p>1 MR. SAMSON: But it's a great card 2 question. We appreciate you asking it. 3 MR. CRUZ: Yes. 4 MS. McCALL: On page 26 where you 5 make statements regarding the -- again, Cindy 6 McCall, MCI Worldcom -- where you talk about the end 7 user service order and the loop qualification, at 8 this point are those suggested processes or are 9 those processes that you've already decided upon? 10 MR. BOYER: Those processes were put 11 together based upon the assumption that the 12 telephone company would own the card. Assuming that 13 that does not change, these are the processes that 14 we are going to go with. I don't know of any other 15 way to simplify the process any further than it 16 already is, to be quite honest with you, unless 17 if -- obviously we would be open to suggestions in 18 that area, but I don't see any other way to simplify 19 it. It's one service order for the customer's loop. 20 MS. McCALL: Is this the forum in 21 which we can make suggestions on that? 22 MR. BOYER: Sure, be more than 23 welcome to. 24 MR. CRUZ: Well, and also the 25 gentleman that was -- was it William?</p>
<p style="text-align: right;">Page 163</p> <p>1 that's -- obviously, I mean, functionally I think 2 I'd like to own the cards, but I can imagine going 3 to Alcatel saying, and they know I have to buy their 4 cards, so all of a sudden their list price goes 5 through the roof and, you know, I mean, come on. 6 And so, you know. 7 MR. SAMSON: Well, I guess what's 8 kind of the -- one SBC entity or the other will buy 9 all of them. Either the ILECs will because the FCC 10 will allow us or ASI will, so the volume of cards 11 that were bought and the discount that goes with 12 that volume or doesn't go, depending on how Alcatel 13 negotiates that, would either be all ASIs or the 14 ILECs. When you say will it be bought under ours, I 15 mean, that's where I'm -- whatever the price that's 16 negotiated, it's going to be negotiated by one 17 entity or the other. 18 UNIDENTIFIED SPEAKER: Well, you 19 structure a deal where you pay so much for a shelf 20 and so much for control and so much for card and so 21 much for -- 22 MR. SAMSON: Okay. That's as much as 23 I know. 24 MR. KEOWN: I don't know that to 25 be --</p>	<p style="text-align: right;">Page 165</p> <p>1 MS. McCALL: Yes. 2 MR. CRUZ: He committed to maybe 3 writing a proposal, making another proposal with the 4 card ownership issue that he could e-mail to us and 5 we would distribute to the audience. 6 MS. McCALL: It was a Proposal No. 4, 7 but it wasn't necessarily involving card ownership 8 issue. 9 MR. CRUZ: I'm sorry. I assumed it 10 was going to be ownership issue that he was 11 proposing. 12 MS. McCALL: In a roundabout way. 13 MR. CRUZ: Okay. Maybe if you want 14 to give us feedback on this process, on the ordering 15 process as well, we'd be happy to entertain that and 16 share with the group as well just for the sake of 17 time if that's okay with you. 18 MS. McCALL: Okay. 19 MR. CRUZ: Yes. 20 UNIDENTIFIED SPEAKER: Quickly, under 21 that proposed service order, procedure or flow and 22 assuming that SBC would own that card, what do you 23 think the approximate provisioning lead time would 24 be? 25 MR. CRUZ: I think it's -- were you</p>

1 going to say it's the same as DSL?
 2 MR. BOYER: It's the same as DSL.
 3 MR. CRUZ: It's my understanding it's
 4 going to be the same as the DSL provision intervals
 5 that we have in place today.
 6 UNIDENTIFIED SPEAKER: Which is?
 7 MR. CRUZ: The question was, under
 8 the assumption that the TELCO owns the ADLU card on
 9 Slide 26, what would be the provisioning interval
 10 for this product, and the response was it would be
 11 the same as the DSL provisioning interval that we've
 12 negotiated.
 13 UNIDENTIFIED SPEAKER: Thank you.
 14 MR. CRUZ: You're welcome.
 15 MR. SAMSON: And your question was
 16 what were those intervals?
 17 UNIDENTIFIED SPEAKER: Yeah, what is
 18 the interval, seven days, five days?
 19 MR. SAMSON: This is going to give
 20 you a contract answer. Whatever your contract says
 21 it is. Our general offering is I think five for
 22 loops that do not require conditioning and ten for
 23 loops that do require conditioning, but various
 24 people have various contracts that may say different
 25 things. So, ultimately your contract will control,

1 but that would be SBC's offer if you took our
 2 generic, for instance.
 3 MR. CRUZ: Anita, Rhythms.
 4 MS. TAFF-RICE: I have a question on
 5 loop qualification. I'm trying to understand how
 6 this proposal fits with other requirements that
 7 exist out there. And as an example, I think it's
 8 correct that SWBT made a commitment to the Texas PUC
 9 not to require loop qualification for loops of 12K
 10 or less. So, when this says that loop qual will be
 11 required, how do those two things fit together?
 12 MR. SAMSON: Well, if you were to
 13 order a regular xDSL loop which is -- when that
 14 commitment was made, it was in regards to regular
 15 copper xDSL loop under 12,000. If your order comes
 16 in with a USOC for that loop product, loop qual
 17 would not be required. To the extent that your
 18 order came in and you didn't have an xDSL USOC but
 19 you had Chris' UNE No. 2 and UNE No. 3 up here, then
 20 I don't know that we flushed that out exactly but
 21 we'd have to identify that that in fact existed
 22 there before that UNE could be processed.
 23 So, for sure, the best way to answer your
 24 question is we're going to honor the commitment we
 25 made to the Texas commission. To the extent that

1 you're ordering xDSL loops under 12,000 and you
 2 don't want us to do a loop qual, we will provision
 3 that. I think what the document you have there
 4 regarding this says, to the extent that you're
 5 ordering this, then you would want to do a loop qual
 6 or either you're going to have to do it or we're
 7 going to have to do it to identify that that in fact
 8 is a loop that is served by PRONTO versus a loop
 9 that isn't.
 10 MR. BOYER: Well, and I'd like just
 11 to elaborate on that a little bit.
 12 MR. SAMSON: Yeah, please do.
 13 MR. BOYER: The bottom line issue is
 14 that the loop is not less than 12,000 feet. The
 15 loop is still served out of the existing facilities
 16 as they are today, so the assumption is that all
 17 these loops are greater than 12,000 feet. And then
 18 at the point in time when you initiate your loop
 19 qual, that is when you'll find out that your loop is
 20 not DSL capable because the loop length is too long
 21 and then you would -- we will physically move it in
 22 the SAI box to be served out of the DLC
 23 infrastructure. So, at that point in time the loop
 24 length gets shortened. But before it's physically
 25 moved by processing the service order, the loop

1 length is not less than 12,000 feet. It's always
 2 going to be greater. It might be anywhere from 12
 3 to 18, but it's going to be greater than 12 though.
 4 If you follow -- sounds like -- looks like you're --
 5 do you follow what I'm getting at?
 6 MS. TAFF-RICE: Well, I'm just trying
 7 to understand. It almost sounds to me that what
 8 you're describing is that if you provide -- or if I
 9 want to order a regular xDSL loop which is what
 10 existed prior to this topology, the rules from Texas
 11 and other places apply; but if what I want to do is
 12 order a DSL loop that's, for example, part of a
 13 line-sharing arrangement, it's going to fall under
 14 this new topology and you're -- I'm not clear on
 15 this. Are you saying that the rules that existed
 16 prior to that don't apply?
 17 MR. BOYER: No, no, no, it falls --
 18 it's exactly the same as it is today for DSL. The
 19 way that we envision the order flow is that you
 20 would issue service order for a DSL capable loop and
 21 when you -- in order for you to do that, you could
 22 issue an order for something that was less than
 23 12,000 feet, whatever the loop length might be, but
 24 we're not technically capable of deploying DSL under
 25 something that's greater than 18,000 feet without

<p style="text-align: right;">Page 170</p> <p>1 physically moving it into this infrastructure. So, 2 before you actually order a DSL service for that 3 customer's loop, it's not served out of this 4 infrastructure. It's served out of the existing 5 infrastructure as it stands today. Once that 6 order's initiated, that's when we move it into this 7 infrastructure. 8 So, if I understand you correctly, when 9 you're saying that you're not required to do a loop 10 qualification for a loop that's less than 12,000 11 feet, in this instance nothing's less than 12,000 12 feet. It's all under existing infrastructure. 13 We're only deploying this in situations in which the 14 loop length is greater than 12,000 feet, so it's 15 always going to be greater until it's physically 16 moved to something that's -- it's physically moved 17 to the DLC equipment to effectively shorten the 18 length. 19 MS. TAFF-RICE: So, this guy's 20 question earlier about was the use of RT a possible 21 mechanism to help you ensure a design that 22 everything would be 9,000 feet or less from the CO, 23 it's just incorrect? 24 MR. BOYER: Well, I can't answer 25 whether or not we're planning on everything being</p>	<p style="text-align: right;">Page 172</p> <p>1 MR. SAMSON: Yeah, we're not building 2 new COs to be within 9,000 feet of every customer. 3 Yes, Howard. 4 MR. SIEGEL: With all the new 5 deployment that's going in, to what extent are 6 you-all doubling up benefits and tracking loop 7 information and building databases so that 8 mechanized loop qualification will be something more 9 realizing? 10 MR. CRUZ: Howard, let me get to that 11 question. I just want to make sure that -- we're 12 thinning out here and we're almost running out of 13 time, so are there any outstanding ownership issue 14 questions that we can answer to the crowd? I'm not 15 trying to not address your question. I just want to 16 bring some focus back into the discussion. Yes, 17 ma'am. 18 UNIDENTIFIED SPEAKER: Yes, could you 19 elaborate a little bit on the customer information 20 form, what kind of information will be required on 21 that, what kind of treatment will that form get, 22 whether others will have access to it. 23 MR. BOYER: It's basically -- 24 UNIDENTIFIED SPEAKER: Any of those 25 issues?</p>
<p style="text-align: right;">Page 171</p> <p>1 9,000 feet or less. I mean, the idea behind PROJECT 2 PRONTO is that we would make 80 percent of our 3 serving customers be DSL capable. So, 80 percent of 4 our network we would be capable of providing DSL, so 5 all of the CLECs and anybody out there could provide 6 DSL to these individuals. I can't say whether they 7 were trying to do everything 9,000 feet or less. 8 MR. SIEGEL: But if this is only 9 going to be used for 12,000 or greater, I don't 10 understand how the two answers -- 11 MR. KEOWN: Let me see if I can help 12 you for a second. What I think I heard over here 13 was the intent is to make the copper, wherever that 14 copper starts and stops, less than 12, 9, whatever 15 the number is, kilofeet, not that it starts at the 16 central office -- 17 MR. SIEGEL: Right. 18 MR. KEOWN: -- and just goes out 9 19 kilofeet, but wherever the copper starts and stops 20 is going to be less than 12 kilofeet. So, that 21 might be 2 miles, 15, 20 miles down the road where 22 we plant an RT. But the copper extending from that 23 RT will be within that 10 to 12 kilofeet range. 24 It's not that we're going to shorten everything back 25 to --</p>	<p style="text-align: right;">Page 173</p> <p>1 MR. CRUZ: Well, once again, any more 2 ownership questions? 3 UNIDENTIFIED SPEAKER: Oh, I'm sorry, 4 I'm sorry. 5 MR. CRUZ: And if there are no more, 6 then I want to go back to Howard and then I'll go 7 back to your question because I don't want to -- I 8 just don't want to gloss over this kind of the 9 ownership issues. It sounds like we've answered all 10 of the -- all the burning thoughts. Howard, I'm 11 sorry, we'll go back to your question again. 12 MR. SIEGEL: I just want to know to 13 what extent you're putting these in, you're -- you 14 have information regard to loops and deciding where 15 you're putting these things and our database is 16 being built at the same time that's going to help 17 mechanize the loop qualification process. Is 18 there -- maybe I'm making a wrong assumption, but I 19 would have thought that in doing one, you're getting 20 the information that you could do the other. 21 MR. CRUZ: I don't know. 22 MR. SAMSON: Conceptually when you 23 place an RT you're not building a whole new loop, 24 you're building an F1. I don't know that it 25 triggers an L fax record creation or something along</p>

<p style="text-align: right;">Page 174</p> <p>1 those lines. James, do you have any idea on that?</p> <p>2 MR. KEOWN: Let me see if I</p> <p>3 understand the question before I try to tackle it.</p> <p>4 Are we building databases to reduce loop qual or</p> <p>5 just to --</p> <p>6 MR. SIEGEL: To help mechanize.</p> <p>7 MR. KEOWN: To help mechanize? Well,</p> <p>8 to some extent loop qual's already mechanized I</p> <p>9 think, and I'm a little confused by the question.</p> <p>10 We do a lot of manual loop qual between the -- in</p> <p>11 the yellow zone because that's the only one we can</p> <p>12 actually take a look at.</p> <p>13 MR. CRUZ: I think we're working on</p> <p>14 planning record system issues, Howard, to do loop</p> <p>15 qual that I'm not sure fall in the scope of this, so</p> <p>16 I guess I'm not understanding your full question. I</p> <p>17 mean, are you saying that -- go ahead.</p> <p>18 MR. SIEGEL: No, I just would have</p> <p>19 thought that there's a warehouse of information that</p> <p>20 you-all are working with that maybe it's information</p> <p>21 that could be part of the prequal, maybe -- maybe we</p> <p>22 need another color code. You have red, yellow,</p> <p>23 green. Maybe there needs to be something that says,</p> <p>24 you know, something between green and yellow that</p> <p>25 says it's green if you choose PRONTO so that</p>	<p style="text-align: right;">Page 176</p> <p>1 MS. MAYS: This is Christine and I</p> <p>2 just have a follow-up question. And I can't hear</p> <p>3 Howard very well, so I apologize if it's already</p> <p>4 been covered. But what I'm hearing is, I mean,</p> <p>5 you've got this effort underway pursuant to the plan</p> <p>6 of record to mechanize and put all the loop</p> <p>7 qualification processes in the preorder phase before</p> <p>8 we submit an LSR. So, is the theory that we're</p> <p>9 going to be able to prequal an end user address or a</p> <p>10 TN and the information's going to come back in real</p> <p>11 time to say this loop is 19 kilofeet or this loop is</p> <p>12 17 kilofeet of RT, whatever you're going to call it,</p> <p>13 RT UNE available. Is that the plan?</p> <p>14 MR. BOYER: No, the plan is that you</p> <p>15 will do a loop qualification, I guess would be a</p> <p>16 preorder loop qualification.</p> <p>17 MS. MAYS: See, no, stop right there</p> <p>18 actually. Those are two different things today, and</p> <p>19 that's my question. Under the plan of record those</p> <p>20 two things are going to get melded. You're going to</p> <p>21 have a loop qualification piece which today is not</p> <p>22 preordered and that during the ordering process</p> <p>23 becomes a preorder process.</p> <p>24 MR. BOYER: Right.</p> <p>25 MS. MAYS: So, is that -- okay. So</p>
<p style="text-align: right;">Page 175</p> <p>1 automatically you could skip the qualification</p> <p>2 process because you know you are within X kilofeet</p> <p>3 of the RT.</p> <p>4 MR. BOYER: The issue with that, we</p> <p>5 talked about those issues in developing the product</p> <p>6 and the problem was that we don't -- the loops are</p> <p>7 not physically in PRONTO until it's identified that</p> <p>8 we want to shorten the loop length. We won't</p> <p>9 shorten the loop length until somebody wants to</p> <p>10 order DSL obviously. So, that's when we move it</p> <p>11 into PRONTO. So, the way it was going to work was</p> <p>12 is that you would initiate a loop qualification on a</p> <p>13 regular customer line either by the telephone number</p> <p>14 or by the customer's address, and the loop qual</p> <p>15 would come back red because the loop number's going</p> <p>16 to be too long. At that point in time, that's when</p> <p>17 you'll be notified of the fact that there is an RT</p> <p>18 available to have that customer's loop moved into</p> <p>19 that RT that effectively shortened the loop length.</p> <p>20 MR. SIEGEL: Then what if someone</p> <p>21 wants to change data providers after they've been</p> <p>22 put on one of these RTs?</p> <p>23 MR. BOYER: We'll have to maintain a</p> <p>24 database somewhere to keep track of the fact they've</p> <p>25 been moved to the RT obviously.</p>	<p style="text-align: right;">Page 177</p> <p>1 then continue.</p> <p>2 MR. BOYER: That would be consistent</p> <p>3 with what we're doing. And what our plan was is</p> <p>4 that because the loop is not physically served out</p> <p>5 of a remote terminal, when you do that loop</p> <p>6 qualification you are not going to get the fact that</p> <p>7 this is 17,000 feet of the loop served out of this</p> <p>8 remote terminal. You're going to get back the loop</p> <p>9 characteristics of the loop as it exists today which</p> <p>10 is going to be greater if it's not going to be</p> <p>11 served out of the DLC.</p> <p>12 MS. MAYS: I guess I earlier heard</p> <p>13 you and in my notes I wrote loop qual, do preorder</p> <p>14 loop qual, will tell you loop is too long but RT</p> <p>15 available.</p> <p>16 MR. BOYER: That's exactly what it</p> <p>17 will do.</p> <p>18 MS. MAYS: So, that happens on the</p> <p>19 preordering; before we submit an LSR that happens?</p> <p>20 MR. BOYER: That's the triggering</p> <p>21 event that tells you you need to order the PRONTO</p> <p>22 unbundled element; otherwise, you could order an</p> <p>23 existing DSL capable loop or line-shared loop.</p> <p>24 MS. MAYS: Okay. So, maybe the</p> <p>25 answer to my original question was yes.</p>

<p style="text-align: right;">Page 178</p> <p>1 MR. BOYER: Yes.</p> <p>2 MS. MAYS: Under the stuff that's</p> <p>3 going on with the POR, to kind of put all this stuff</p> <p>4 into preorder, one of the new fields we're going to</p> <p>5 get is RT available.</p> <p>6 MR. BOYER: That's correct. When it</p> <p>7 comes back red, you will get a field that will tell</p> <p>8 you if it's RT available. That's what they're</p> <p>9 working on.</p> <p>10 MS. MAYS: Although you're not -- I</p> <p>11 mean, again, under the POR you're kind of -- maybe</p> <p>12 you'll still do a regular green but you're also</p> <p>13 going to give us all the loop qual characteristics.</p> <p>14 MR. BOYER: I can't speak to that. I</p> <p>15 can only speak to how we're going to identify</p> <p>16 whether it's served out of the RT for PRONTO.</p> <p>17 MS. MAYS: Because I guess hopefully</p> <p>18 you understand my question and concern is that we're</p> <p>19 not going to have to do two loop quals.</p> <p>20 MR. BOYER: No.</p> <p>21 MS. MAYS: Or two preorder checks. I</p> <p>22 mean, everything is going to come back as one</p> <p>23 package.</p> <p>24 MR. BOYER: My understanding is that</p> <p>25 you will do one loop qualification on that</p>	<p style="text-align: right;">Page 180</p> <p>1 nothing to do with Rhythms selling the tapes or</p> <p>2 anything.</p> <p>3 MR. CRUZ: Yesterday your attorney</p> <p>4 made it clear to me that they would contact you and</p> <p>5 they would sell them, so they even said talk about a</p> <p>6 markup, so --</p> <p>7 MS. THOMAS: How will we get the</p> <p>8 transcripts if we just want the transcripts?</p> <p>9 MR. CRUZ: I'm sure we're going to</p> <p>10 make it available via e-mail to you guys.</p> <p>11 MS. THOMAS: Okay. So, everybody</p> <p>12 that responded --</p> <p>13 MR. CRUZ: Right.</p> <p>14 MS. THOMAS: -- that they were</p> <p>15 coming.</p> <p>16 MR. CRUZ: It's kind of critical that</p> <p>17 you guys signed in on the sheet and that, you know,</p> <p>18 you've replied via e-mail to Chris Boyer. So, if</p> <p>19 you guys want things electronically we can get</p> <p>20 those. Because I'm afraid on the sign-in sheet we</p> <p>21 only put name and company, so therefore if you want</p> <p>22 to communicate with us via e-mail, once again,</p> <p>23 please go to the accessible letter. There's an</p> <p>24 e-mail address on the bottom that will fire up</p> <p>25 communication between the two parties. Yes.</p>
<p style="text-align: right;">Page 179</p> <p>1 customer's loop and you will be alerted of your</p> <p>2 options at that time.</p> <p>3 MS. MAYS: Okay.</p> <p>4 MR. CRUZ: Well, I see people falling</p> <p>5 asleep. Oh, there was one more question. Sharon.</p> <p>6 MS. THOMAS: I just have a procedural</p> <p>7 question. Are we going to be able to get the</p> <p>8 transcript and/or the videotape and, if so, how?</p> <p>9 MR. CRUZ: Well, here's the deal. I</p> <p>10 think -- did we hire the court reporter?</p> <p>11 MR. BOYER: Yes.</p> <p>12 MR. CRUZ: I think we'll make the</p> <p>13 record available to you. As far as the video, it's</p> <p>14 my understanding Rhythms set this up, so I think you</p> <p>15 may have to contact them and see if they want -- I'm</p> <p>16 sure they want a -- they'll sell you a copy.</p> <p>17 MS. TAFF-RICE: May I address that?</p> <p>18 MR. CRUZ: Sure, please do.</p> <p>19 MS. TAFF-RICE: Rhythms did arrange</p> <p>20 for the audio visual company to come in today, but</p> <p>21 it's an independent company, has nothing to do with</p> <p>22 Rhythms. This man right here, his name is Billy and</p> <p>23 it's his company and if you will just let him know</p> <p>24 or if you have problems come through me, but you</p> <p>25 could just buy a copy directly from him. It's got</p>	<p style="text-align: right;">Page 181</p> <p>1 UNIDENTIFIED SPEAKER: Do you have an</p> <p>2 estimate of when the transcript will be available?</p> <p>3 We've gone through a lot of information here and our</p> <p>4 comments are due on Friday, so I'm sure we're all</p> <p>5 going to be looking to this transcript.</p> <p>6 MR. CRUZ: She smiled. She has a</p> <p>7 notion to smile after that request. Well, sounds</p> <p>8 like we need to get it maybe by how about noon</p> <p>9 tomorrow? Is that too late?</p> <p>10 MS. THOMAS: Well, let's ask this</p> <p>11 question. Will SBC oppose a request that we extend</p> <p>12 the time period to reply to the FCC by a couple days</p> <p>13 if we wanted to make that request? Because, I mean,</p> <p>14 there was a lot of information covered here today</p> <p>15 and a lot of it is, you know, elaborates on the</p> <p>16 letter. And, I mean, the main issue for me which I</p> <p>17 really don't think anybody understood from that</p> <p>18 letter and the description and the diagram that was</p> <p>19 with that letter about this voice data integrated</p> <p>20 service provider issue, so --</p> <p>21 MS. TAFF-RICE: Yeah, I think Rhythms</p> <p>22 would second that request that it's going to be hard</p> <p>23 to assimilate what we've learned here today in time</p> <p>24 to get comments in by 5:00 p.m. East Coast time.</p> <p>25 MR. CRUZ: I can't commit to that at</p>

<p style="text-align: right;">Page 182</p> <p>1 this time. I'll have to probably round up our legal 2 folks, and, Marsha, I'm not sure you would disagree 3 that I'm not sure we would support delaying this 4 just because we've got so much work hinging on this 5 decision. And unfortunately, maybe I'm compressing 6 time, but it's just sort of the environment that 7 we're in as far as being able to change it. I'm not 8 sure that I can commit to that right now. I can 9 definitely look into it, but I'm afraid, I mean, the 10 answer's probably no, but let me look into it. 11 Once again, we'll distribute that in the 12 minutes. And the minutes will go out, you know, 13 probably to try to rehash at least some of the 14 actions I took, some of the I committed to you folks 15 in the meeting today to go out, you know, as soon as 16 possible. But, you know, it sounds like the 17 transcript might be a full day from today. And like 18 I said, then we've got comments due by 5:00 o'clock 19 on Friday the 3rd with the FCC, so -- 20 MS. SMITH: I'm sorry. When will the 21 transcript be ready? 22 MR. CRUZ: We haven't got a firm 23 commitment from the court reporter, but it sounds 24 like it might be a full day of processing because 25 they're going to check the audio and the videotape</p>	<p style="text-align: right;">Page 184</p> <p>1 MR. MURTHY: First come, first 2 served. 3 MR. CRUZ: Right. 4 MR. MURTHY: Okay. 5 MR. CRUZ: Yes. 6 UNIDENTIFIED SPEAKER: Can we get 7 back to the question that Pat Escobedo brought up 8 regarding the customer information form? 9 MR. CRUZ: Yes. 10 MR. BOYER: I can take that. You 11 were asking what fields needed to be on the customer 12 information form? 13 UNIDENTIFIED SPEAKER: She wanted to 14 understand more about what that entails and how we 15 would get that information. 16 MR. BOYER: Okay. Basically what 17 needs to go in the customer information form is 18 technical information like virtual coordinates that 19 need to be programmed in our -- the OCD device which 20 I'd said before was an ATM switch. There's quite a 21 few parameters that need to be translated in that 22 device for us to be able to identify your incoming 23 traffic and route it to your ATM cloud somewhere, so 24 we have to actually program that information into 25 that device. So, that is the kind of information</p>
<p style="text-align: right;">Page 183</p> <p>1 and proofread a couple times, so sounds like it 2 would be a full day before we'd get it. 3 MS. SMITH: Okay. 4 MR. CRUZ: Yes. 5 MR. MURTHY: For RT location is there 6 a quota for a CLEC maximum or minimum they should 7 buy? Minimum probably is one, of course, but is 8 there a maximum they can buy? I'm just thinking of 9 a question of monopolizing and saying I want 50 10 percent of it. 11 MR. BOYER: Of ports? 12 MR. MURTHY: Fifty percent of ADLUs. 13 MR. BOYER: No, you order one port 14 for every -- on the end user order. 15 MR. MURTHY: Yeah, but how many can I 16 order? For example, the moment you put in RT, can a 17 CLEC come and say I want -- 18 MR. CRUZ: You're asking if you can 19 reserve space on the ports? 20 MR. MURTHY: Yeah, reserve space or 21 get or, you know, sign up. 22 MR. CRUZ: Ports will be assigned as 23 you place your order. 24 MR. MURTHY: Order, okay. 25 MR. CRUZ: Per end user.</p>	<p style="text-align: right;">Page 185</p> <p>1 that will need to be provided on the form. I can 2 tell you the form's about a half a page, 3 three-fourths of a page. It has several fields on 4 there for virtual, what are called virtual path 5 indicators, virtual channel indicators. It's got 6 the coordinates of your ATM cloud because you're 7 going to have an ATM switch somewhere on the other 8 side of this that's going to pick it up. We need to 9 know how to route your traffic to get it to that ATM 10 networks. That's what's going to be on that CIF 11 form, and you only have to do that once for each 12 office that you're going into assuming you're going 13 to buy or you're going to lease one port in that 14 office. So, you just send one form in for each 15 central office that you're purchasing a port in is 16 what it amounts to. 17 MR. CRUZ: Yes. 18 UNIDENTIFIED SPEAKER: What docket 19 number is the contract, proposed contract filed with 20 the FCC? 21 MR. BOYER: I think it's -- 22 MS. TAFF-RICE: I can answer that if 23 you'd like. It's 98-141. 24 UNIDENTIFIED SPEAKER: What is it? 25 MS. TAFF-RICE: 98-141.</p>

<p style="text-align: right;">Page 186</p> <p>1 UNIDENTIFIED SPEAKER: Okay. Thank 2 you. 3 MS. MAYS: This is Christine from 4 North Point. I just have a quick question about the 5 profile. You talked briefly about the profile form 6 you're going to want CLECs to file per RT, I guess, 7 with the different kinds of per service they want to 8 offer out of that RT. 9 MR. BOYER: In regards to the 10 profile, you will not -- you won't have to submit a 11 profile per RT. You'll just do it once for the 12 entire 13-state region. You'll build a profile, and 13 it's not actually going to be a form. We're going 14 to -- I think our plan is, and bear with me because 15 this is still under development, but I think we're 16 going to put access to the SOLID system available 17 via the Internet so you can actually go in and build 18 your profile to cover all of our RTs in the 13-state 19 region through this one point of access. So, you 20 will not need to submit a form for every RT. 21 MS. MAYS: Okay. That's good. 22 That's good to know. Will you have to list the 23 different RTs that you're wanting to offer that 24 service out of and then as you change things update 25 that?</p>	<p style="text-align: right;">Page 188</p> <p>1 MR. MURTHY: Yeah, yeah. 2 MR. BOYER: I can't speak to whether 3 or not that definitely will occur. That's been -- 4 MR. MURTHY: At this time, okay. 5 MR. CRUZ: I think we're done, folks. 6 MS. TAFF-RICE: Actually I have one 7 last question. Sorry. 8 MR. CRUZ: All right. Anita, last 9 question. 10 MS. TAFF-RICE: I want to make sure 11 I'm clear. We've had some discussion today about 12 ownership issues versus not ownership issues, so I 13 take it what you're saying is that the letter of 14 waiver that you've submitted to the FCC, you're only 15 seeking to have them approve the question of 16 ownership of the cards and ownership of the OCD. 17 MR. CRUZ: Correct. 18 MS. TAFF-RICE: So, if that's 19 correct, then all of these other materials that you 20 submitted, the contract and the diagrams and 21 everything else that discusses things beyond that 22 like deployment of DLC and the RT configuration, you 23 are not going to consider that they've given you any 24 kind of approval on that at the end of this process. 25 MR. CRUZ: I don't think we need</p>
<p style="text-align: right;">Page 187</p> <p>1 MR. BOYER: No, no, what's going to 2 happen is, is that the profile will be common for 3 any place that we've deployed Litespan. 4 MS. MAYS: Okay. Thanks. Do you 5 know what the -- any sense what the time frame then 6 is between filing the profile and being able to 7 offer that service? 8 MR. BOYER: We haven't established 9 definite intervals on that. I would say that the 10 thing that we've been leaning towards is the fact 11 that the profile probably would need to be up for 12 five days maybe before we started placing end user 13 orders just to make sure there weren't any -- 14 because obviously your end user's not going to work 15 if the PVCs aren't built, so the profile needs to be 16 there sometime prior to every end user order. But 17 probably five days is what we've been leaning 18 towards. 19 MR. MURTHY: On the SOLID that you 20 mentioned that there will be Internet access to 21 provide profile, would there be a remote 22 provisioning access over time for the CLECs if they 23 want to do some remote provisioning? 24 MR. BOYER: You mean like a 25 partitioned access system?</p>	<p style="text-align: right;">Page 189</p> <p>1 approval to deploy the architecture from the FCC. I 2 mean, I think that's a corporate decision to invest 3 the \$6 billion over three years and the 4 infrastructure to deploy the fiber. I don't think 5 we need a -- 6 MS. TAFF-RICE: Okay. So, there's 7 nothing else basically that you've submitted that 8 you think under the merger conditions you're 9 required to get approval of? 10 MR. CRUZ: Anita, the only 11 qualification I'm going to say is the contract 12 language has changed somewhat. We've tried to 13 highlight some of those changes in the discussion 14 today, so obviously we submitted that weeks ago to 15 the FCC and we labeled it as draft. We knew we were 16 taking a risk there because we get a lot of 17 questions on, you know, what's happened in the last 18 three or four weeks on that contract language since 19 we've seen it's gone through several erasures and 20 changes. 21 But with respect to the only thing we're 22 asking the waiver on, it's the ADLU plug card issue 23 and it's the OCD ownership issue. And I think for 24 the reasons listed that were hopefully described and 25 outlined in today's presentation, there's some</p>

<p style="text-align: right;">Page 190</p> <p>1 benefit I think to both parties in allowing us to do 2 that. So, I mean, there's economic benefits to both 3 parties. I think there's provisioning operations. I 4 mean, and I think those are highlighted in the 5 slides that Chris Boyer illustrated today. 6 So, really that's the issue at hand, and I 7 think that once again the purpose of the meeting was 8 that once this filing went out for public input from 9 all the interested parties by the FCC, the account 10 teams started getting all kinds of questions, what's 11 going on, what's that, what's the other, give us an 12 update on the issues, and therefore that was really 13 the genesis of this, plus we also wanted to share 14 with you guys all the work that we have done with 15 respect to the product today. So, in answer to your 16 question, the answer is yes. 17 MS. TAFF-RICE: So, did the FCC ask 18 you for the additional materials or you just decided 19 to voluntarily submit them along with the waiver 20 request? 21 MR. CRUZ: We voluntarily submitted 22 them. 23 MR. KEOWN: No, they actually asked 24 for that material. 25 MR. CRUZ: I'm sorry.</p>	<p style="text-align: right;">Page 192</p> <p>1 customers which are you. 2 You know, it's just that we're right -- to 3 be quite honest with you, we are right in the middle 4 of developing this product. So, there's a lot of 5 issues that are still unresolved which is why the 6 contract language was in draft format. Obviously 7 you can imagine from having any product development 8 efforts that go on, things change as time goes by to 9 make things more feasible, so -- 10 MR. CRUZ: I'm going to cut the 11 meeting. So, if we want to -- Chris and I and 12 others can hang around here, but we just wanted to 13 have the meeting run till 5:00 o'clock, and we do 14 appreciate your attendance and you guys all get a 15 gold star for hanging out till 5:00 o'clock. 16 17 (The session was concluded.) 18 19 20 21 22 23 24 25</p>
<p style="text-align: right;">Page 191</p> <p>1 MR. KEOWN: I'm sorry, Rod. 2 MR. CRUZ: No, please correct me. 3 MR. KEOWN: Understand the 4 technology that we're dealing with is extremely 5 new. We don't -- we have it in labs and we have it 6 in one field location. And the FCC is like the rest 7 of us, they're learning it too. So, in order to get 8 a feel for what it actually is and what they're 9 actually looking at and what they're actually asking 10 questions on, they asked for some of that 11 information. 12 MR. CRUZ: I think we had an RFI. 13 MR. KEOWN: So, you're right, we 14 voluntarily gave it, but they asked for it because 15 they don't -- we're still learning the technology 16 ourselves and they have to know it too in order to 17 ask intelligent questions, which is what we want 18 them to do, we want ya'll to be able to do for us. 19 MR. BOYER: Right. And a lot of 20 things that we talked about, to reiterate that 21 point, is the fact that the product development 22 cycle which is the product, the effort that I've 23 been heading up is we're right in the middle of 24 developing the products on this. We're trying to 25 develop a product which is the most feasible for our</p>	<p style="text-align: right;">Page 193</p> <p>1 STATE OF TEXAS * 2 COUNTY OF DALLAS * 3 4 I, Karen L. Shelton, a Certified Shorthand 5 Reporter in and for the State of Texas, do hereby 6 certify to the following: 7 That the foregoing transcript is a true 8 record of the Project Pronto presentation held on 9 MARCH 1, 2000, at One Bell Plaza, 208 South Akard, 10 Dallas, Texas. 11 12 CERTIFIED TO BY me in Dallas County, 13 Texas, on this, the day of , 14 A.D., 2000. 15 16 17 18 19 Th 20 21 22 23 24 25</p> <hr/> <p style="text-align: center;">Certified Shorthand Reporter</p> <p style="text-align: center;">State of Texas Certification Number: 7050 Expiration Date: 12/31/00 LITIGATION RESOURCES Founders Square 900 Jackson Street, Suite B200 Dallas, Texas 75202 (214) 741-6001</p>